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H A N D - B O O K
OF
INCOME TAX LAW AND PRACTICE.

HAND-BOOK
OF
INCOME TAX LAW & PRACTICE,
WITH
AN INDEX
TO THE
ACTS OF PARLIAMENT—1842 TO THE PRESENT TIME.

BY
CHARLES SENIOR, Esq.,
SURVEYOR OF TAXES.



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1863.

PREFACE.

TWENTY years have elapsed since the passing of the Income Tax Act, and no compendious publication has yet appeared, professing to convey that description of information which is usually embodied under the now popular form of a Hand-Book. This is the more surprising, because on account of the numerous difficulties connected with the Law and Practice on the subject, and the many important provisions in the various Acts of Parliament affecting the interests of all classes of the community,* information cannot be too widely circulated.

* The following letter, from John Gellibrand Hubbard, Esq., M.P., will serve to show how important, and at the same time how little known, are some of the operations of the Income Tax Acts:—

THE INCOME TAX.

TO THE EDITOR OF THE TIMES.

SIR,—Many traders and manufacturers have, I doubt not, reason to lament the unprofitable result of their business in the year 1861; but I believe that comparatively few are aware of the provision in the Income Tax Act which enables them to recover the tax that was overpaid for the year 1861, before the results of the year were ascertained. I have recently had occasion to become familiar with the mode of recovery, and you will, I am sure, confer a benefit upon the mercantile community by allowing me, through your columns, to indicate the necessary course of proceeding.

A trader may have returned, say £12,000, as the average of his profits for the years 1858, 1859, and 1860, and upon this sum he will have paid 9*l*. in the pound, or £450, in the course of the financial year 1861–2; but, on closing his books, he finds that he has made only £4,000, or possibly he has made a loss. In either event he will address

The Author of this volume has long entertained the design of endeavouring to supply what he believes to be a desideratum.

to the Commissioners,* by whom he had been assessed, a letter in the following form:—

“GENTLEMEN,—I annex a copy of the debtor and creditor account of my profit and loss under Schedule D for the year 1861, from which you will perceive that my business for the year ending on the last resulted in a profit of only £4,000 (or in a loss). I will thank you, therefore, to repay me the tax on £8,000 (or on £12,000), being the abatement to which I am entitled by the 133rd clause of the Act 5th and 6th Victoria, cap. 35.

“I remain, Gentlemen, your obedient servant,

“_____.”

As the trader is bound to substantiate his claim “to the satisfaction of the Commissioners,” the account of profit and loss which he renders must be “very full and explicit, showing every deduction from the gross amount of profits;” and if the mode in which he keeps his accounts does not supply all the information which the Commissioners require for their satisfaction, they will probably ask for his attendance, or that of his book-keeper, to supply any omission.

Many traders constantly violate the law without knowing it, and return for their assessment their profits as they appear after deduction of “interest paid on borrowed capital,” and of “interest charged on their own capital.” Neither of these deductions is lawful. The interest of a trader’s capital is combined with his profits, and, if previously charged against profits, must be reunited to them for the purpose of taxation. Interest paid on borrowed capital must be also added by the trader to the profits he returns for assessment, and he recovers the tax which he then pays to the Exchequer by charging it to his creditor. It is essential to the accuracy of returns of trade profits, either for assessment or for recovery of tax, that interest of capital should be carefully treated.

The Commissioners, when satisfied of the correctness of the claim, will certify the same to the Special Commissioners, who will thereupon issue an order for the repayment of such sum as shall have been overpaid.

I have been astonished to find how little known among commercial men is this 133rd clause,† which is to them so important, since its practical effect may be to reduce the tax on fluctuating profits by a quarter, a third, or even a half of what, on an average of years, they would otherwise have to pay.

I remain, Sir, your obedient servant,

J. G. HUBBARD.

19, Birchin-lane, Aug. 15, 1862.

* The more usual course is to forward some notice or communication to the Surveyor of Taxes for the District.

† Vide chapter 13, page 241.

It has been his aim to give only such information as might be generally interesting and useful, and, so far as possible, to present it in a connected form.

The illustrative cases which are scattered throughout the work will, it is hoped, be found to touch in a practical manner upon most of the points likely to give rise to difficulty or doubt.

The very valuable and interesting Reports drawn up by several Members of the Committee of the House of Commons, which sat in the Session of 1861, have been added, and also an Index to the various Acts passed during the last twenty years.

With the aid of this Index direct reference can be made to the Acts themselves upon any points which may not be referred to in the following pages.

It is confidently hoped that the Hand-Book may be found to supply much information which has frequently been sought for elsewhere in vain ; and afford the means of acquiring such a knowledge of Income Tax Law and Practice as will prove to be sufficient for all classes of the community affected by its operation.

June 6, 1863.

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HAND-BOOK

OF THE

LAW AND PRACTICE OF THE INCOME TAX.

SKETCH OF THE HISTORY OF THE INCOME TAX, FROM 1798 to 1816.

It is well known that the financial exigencies arising out of the war with France towards the close of the last century, induced the Minister of the day to have recourse to various novel modes of taxation. The Income Tax was foremost amongst them as a productive source of revenue. The first Act relating to the Income Tax—that of 1798—differed very materially in character from those by which it was immediately followed; it was entitled, “An Act for granting to his Majesty an Aid and Contribution for the Prosecution of the War,” and passed on the 12th of January, 1798.

The amount of duties paid by individuals to the assessed taxes was taken as the basis of charge. By the first section it was provided that persons assessed to the duties on male servants, carriages, and horses, should pay additional duties, according to certain graduated scales, of which the following are illustrations:—

If assessed to these duties	} to pay under	{	3 times the amount.	
to an amount under £25,			4	"
£30, and under £40,			5	"
£50 and upwards,				B

By the second section, graduated duties were also fixed to be paid by persons assessed to houses, windows, dogs, clocks, or watches, &c.:—

If £7 10s. and under £10, £10, and under £12 10s., £15, and under £20, £30, and under £40, £50 and upwards,	} to pay under this Act,	the same amount
		or one rate.
		twice the amount
		or two rates.
		3 rates.
		4 "
		5 "

By the third section, it was provided that persons assessed to the duties on lodging houses and shops should pay additional duties, graduated in a similar manner, commencing at £3, and rising to £30. It was further provided, that persons whose total income was under £60 should be exempted from the operation of the Act; and when the income amounted to that sum or more, but did not exceed £200, abatement was allowed, so as to reduce the duty to certain proportions of the income, varying from a hundred and twentieth to a tenth part. The following are a few of the rates:—

Income.	Amount of Duty.
£60, and under £65,	A sum not exceeding $\frac{1}{160}$ th part.
£100, and under £105,	A sum not exceeding $\frac{1}{80}$ th part.
£140, and under £145,	A sum not exceeding $\frac{1}{40}$ th part.
£195, and under £200,	A sum not exceeding $\frac{1}{20}$ th part.
£200, and upwards,	A sum not exceeding $\frac{1}{10}$ th part.

This Act was found to be inefficient, and continued in force for one year only. As it affected those persons exclusively who were chargeable to assessed taxes, its obvious tendency would be to diminish the produce of the latter duties; for by ceasing to contribute to the assessed taxes, each individual at once

ranged himself amongst those who were free from all liability to this new tax. The amount realized under this system was £1,855,996.

A very material alteration was made in the principle of the Act passed in the following year, 1799, by which a duty of 10 per cent. was levied upon incomes above £200, with graduated scales for those between that sum and £60, as before. In the preamble to this Act, reference is made to the provisions of the former Act "having, in sundry instances, been greatly evaded," and in the official instructions issued at that period, the following observations occur:—
"The reasons given by the Legislature for these
"alterations are the sundry instances of evasion experienced in the execution of the former Act, and
"the inadequacy of its provisions in proportioning
"the assessments upon each person to his means of
"contributing to the public service. These reasons
"evinced the intention of the Legislature to establish
"an equality of taxation, as far as it is practicable
"by human means, and to keep in view, in the provisions of the present Act, the leading object of the
"former; namely, the ascertainment, by just and fair
"rules, of each person's income, in order to a proportionate assessment."

There was no division into schedules, nor was any description of property charged at its source, all persons being called upon to make returns of the whole of their income, however or wheresoever it might arise.

As the form of return prepared under this Act was entirely different from any at present in use, it

may probably be perused with some degree of interest and curiosity; a copy of it is, therefore, given in the Appendix No. 1.

The Income Tax was levied in this manner from 1799 to the peace of Amiens in 1802. The experience of these three years was sufficient to convince the Executive Government that while this mode was the most inquisitorial, it was also the least productive. The amount realized at 10 per cent. scarcely exceeded £6,000,000. On the renewal of hostilities in 1803, the plan of requiring a return of the whole income from each individual was abandoned, and the present system of charging incomes upon all property and profits at their *source*, wherever practicable, was, for the first time, introduced.

The reasons assigned for this alteration in the previous system were thus stated in a publication partaking of an official character issued at the time.

“ As the former duty was imposed on the general
“ account of income derived from all the sources, the
“ present duty is imposed on each source by itself, in
“ the hand of the first possessor, at the same time
“ permitting and authorizing its diffusion through
“ every natural channel in its course to the hand of
“ the ultimate proprietor. The present measure,
“ then, must be considered as a tax on the first pro-
“ duce, gradually subsiding itself into a tax upon the
“ income of the ultimate proprietor; affecting in its
“ immediate object the hand that acquires, but ex-
“ tending by direct motion to the hand which con-
“ verts the income so acquired. Instead of the land-
“ lord, and the numerous claimants upon him in suc-

“ cession, it looks to the occupier of lands only. In-
“ stead of the creditor, it looks to the fund from
“ which the debt is answered. In the place of a
“ complicated account collected from the various
“ sources from which the income of an individual
“ may be derived, it applies to the source itself to
“ answer for its increase. By these means its object
“ is attained with more facility and certainty, *and*
“ *with less intricacy and disclosure*, diminishing the
“ occasions of evasion by the means of execution.
“ Pursuing these principles, the charge in respect of
“ real property is imposed on the occupier, both as to
“ his own profits, and as to the profits that may ulti-
“ mately belong to each proprietor according to his
“ interest. Whatever claims may rest on that property
“ as a lien on the profits, are left to be adjusted between
“ the contracting parties, under an established rule,
“ founded on the same principles by which the tax
“ itself is imposed. The occupier, charged with the
“ whole duty, deducts from his landlord a portion of
“ the tax proportionate to his share of the profits.
“ The superior proprietor, the mortgagee, the an-
“ nuitant, the creditor by personal contract, and any
“ other legitimate participant of the profits, are subject
“ to the like proportionate deduction, without other
“ interference from the powers created by the Act,
“ than for the purpose of settling in a summary way
“ any dispute that may arise between them. An-
“ other original source of annual profit is that which
“ is derived from the funds composing the national
“ debt. The charge is imposed on the person en-
“ titled to the dividends or shares of those public an-

“nuities, as being the first possessor, not, as has been
“falsely conceived, on the funds themselves, that
“charge being in the same manner distributable
“amongst the several persons who may have a legal
“claim thereon, to be satisfied out of the profits so
“charged. So property acquired by the employ-
“ment of capital in trade, with its increase by the
“application of industry, and property acquired by
“industry alone, are chargeable in the hands of the
“first possessor, without regard to the claims that
“may rest upon it. In the same manner all salaries
“and emoluments under appointments of a public or
“private nature are subject to be charged to their
“full extent, without deduction on account of the
“mode of their subsequent application. In each of
“these instances provisions are made, authorizing the
“apportionment of the original charge amongst those
“who have a legal claim on the profits charged; and
“as by these means the whole of the produce of pro-
“perty is originally brought into charge, and as all
“claims must originate in some or other of these
“sources, the distinction between real and personal
“obligations is not necessarily preserved. What-
“ever annual payments are to be made by virtue of
“any contract, whether it forms a specific charge or
“not, as they must be defrayed from some or other
“of these sources, are, without distinction of their
“origin, liable to the same proportionate deduction.
“Thus the charge is gradually diffused from the
“first possessor to the ultimate proprietor; and one
“of the greatest causes of defalcation arising from the
“necessity of protecting private transactions from

“ exposure experienced under the Income Tax Act
“ is avoided, at the same time protecting the private
“ transactions of life from the public eye, whilst the
“ revenue is more effectually guarded.”

The various descriptions of income chargeable were, by this Act, assessed under five different schedules, as at present, viz.:—

Schedule A. On owners of lands, tenements, hereditaments, &c.

„ B. On occupiers of do.

„ C. On annuitants, and persons having property in public securities.

„ D. On profits derived from trades, professions, &c.

„ E. On the income of officials—public and private.

It will be observed that this system divests the Income Tax of much of its inquisitorial character, since only two classes of persons are required to disclose their *total* income, viz., those who claim *abatement* from the higher rate of duty to the lower; and those who claim *entire exemption* from its operation as possessing incomes under the chargeable rate. Both classes make the necessary disclosure for the purpose of securing an important benefit.

The rate of duty levied in 1803 was 5 per cent. The produce of the tax under this system was £5,341,907, being almost equal to the revenue raised in 1799, when the rate of duty was double that amount. Between the years 1803 and 1806, various Acts were passed relating to the Income Tax. They introduced no alteration which affected the system under which the tax was levied, but in the latter year the rate of duty was again fixed at 10 per cent. Up to this time exemption had been granted on incomes from realized property under £60 a-year.

This was now, with few exceptions, repealed; and entire exemption was limited to incomes under £50 a-year in the whole, while a graduated scale was imposed upon incomes between £50 and £150 a-year, but *limited to profits derived from trades, professions, and offices*. An official publication of the time explains the reasons for this alteration, as well as some others effected about the same period.

“ By the former Act an exemption was granted on
“ the whole of every person’s income under £60 per
“ annum. This regulation, intended to have a
“ strict and limited operation, has been introductive of
“ the greatest frauds on the public. It is notorious
“ that persons living in easy circumstances, nay even
“ in apparent affluence, have returned their income
“ under £60, although their annual expenditure has
“ been treble that sum, and on whom there was no
“ ground of imputing extravagance. The incomes
“ of whole parishes have been swept away by this
“ fraud, such persons generally bringing their incomes
“ to a fraction below £60.

“ Under the former Act, the exemption was granted
“ on the whole of the income; under the present,
“ such part of the income as is derived from property
“ unconnected with labour is not entitled to the ex-
“ emption, with one exception only, of a cottager
“ occupying his own cottage, not exceeding the
“ annual value of 40s., and who has not an income
“ exceeding £50.

“ An allowance is granted for incomes of £50 and
“ under £150, as in the former Act between £60 and
“ £150, but in a different proportion. The former

“ allowance was made by an irregular gradation, but
“ the allowances now to be granted are at the rate
“ of 1s. for every 20s., by which the income is less
“ than £150.

“ Under the former Act an allowance was granted
“ to persons having more than two children, main-
“ tained by them, for each child above two. The
“ trouble and inconvenience of obtaining this allow-
“ ance, as well to the party as to the Commissioners,
“ has been the occasion of omitting it in this Act.

“ An allowance was also granted to owners of
“ estates, in consideration of the necessary repairs.
“ This allowance has been found so inadequate, and
“ to operate so unequally, and to be demanded in
“ many instances where repairs were done by tenants,
“ that the legislature has very wisely omitted that
“ allowance; I say wisely, not only for the reasons
“ above mentioned, but because the capital invested
“ in land exceeds so much the capital invested in any
“ other property producing the same profit, that the
“ tax is rendered much more equitable by the omis-
“ sion; and imposes the burthen more equally on the
“ superior interest acquired by landed property.”

The Income Tax underwent no further change from the year 1806 until the date of its repeal in 1816.

In the Appendix (No. 2) will be found five Tables presenting a few of the most interesting statistics which have been preserved, relating to the tax at different periods in the earlier years of its existence.

CHAPTER I.

THE INCOME TAX ACT AS INTRODUCED BY THE LATE RIGHT HON.
SIR ROBERT PEEL, BART.—SUBSEQUENT LEGISLATION—
PARLIAMENTARY COMMITTEES OF INQUIRY.

AFTER the Income Tax had remained in abeyance for a period of upwards of a quarter of a century, it was revived by the late Sir Robert Peel, for the purpose of enabling him to inaugurate what may be considered a new financial policy—one which has been adopted and acted upon more or less from that period up to the present time. Since its revival, the Income Tax has continued, uninterruptedly, to form a portion of the annual revenue.

A general impression prevails, that it would not be difficult to lessen what are considered the inequalities of the Income Tax, although the most eminent statesmen of modern times, after having given the subject their attentive and anxious consideration, appear to have arrived at the conclusion that it is impracticable; but it is no part of the author's intention to enter into any discussion with regard to the financial policy referred to, nor to offer any opinion upon the various schemes which have, from time to time, been propounded, under the impression that they would tend to render the Income Tax more equitable in its pressure. He proposes, simply, to treat the matter historically; and to place before his readers an account of the different ameliorations effected in the law since the year 1842, glancing

briefly at the proceedings and reports of the two Parliamentary Committees of Inquiry which were appointed in 1851 and 1861.

The Act introduced by the late Sir Robert Peel received the Royal assent on the 22nd of June, 1842, and is entitled "An Act for granting to her Majesty Duties on Profits arising from Property, Professions, Trades, and Offices, until the Sixth day of April, One thousand eight hundred and forty-five." Sir Robert Peel's Act followed the general principles laid down in that of 1806. The duty was imposed at the rate of 7*d.* in the pound, being £2 18*s.* 4*d.* per cent., and exemption was granted to persons whose entire income was under £150 a year.

By the Act of 1842 the duty on farmers was imposed on half the rent in England instead of three-fourths, and on one-third in Scotland instead of one-half, as under the Act of 1806.

A new provision was also introduced by which persons could, if they so desired, be assessed on profits of trade or professions by Commissioners appointed by the Government, who were styled Special Commissioners, instead of by the General Commissioners of the district.

After an assessment was made by the Special Commissioners, those who wished to do so might compound for the term limited for the continuance of the Act.

It was also provided, that in any case in which an appeal is allowed to be made against an assessment of the duties contained in Schedule D, the person assessed might, if he should think fit, instead of ap-

pealing to the Commissioners for General Purposes acting for the district, appeal to the Commissioners already referred to.

In 1845 the Act was continued for three years longer by the 8 Vic., c. 4, at the same rate of duty, and again for another three years, by the 11 Vic., c. 8. In 1851 the tax was continued for one year only, by the 14 Vic., c. 2; and again in 1852 for another year, by the 15 Vic., c. 20.

In the Act of 1851, 14 Vic., c. 2, a clause was introduced, granting relief to farmers, in cases where they might discover at the end of the year of assessment that they had not realized the assumed profit, of one-half the rent if in England, or of two-thirds if in Scotland. This relief is to be obtained by appealing to the Commissioners of the district, and furnishing proof to their satisfaction, upon which they are empowered to reduce the assessment to the amount of profits proved to have been actually realized. Notice of intention to appeal is to be given to the Surveyor of Taxes for the district, and the time limited for hearing such appeals is three calendar months after the expiration of the year of assessment. Farmers were thus placed in the same position as those exercising trades or professions.

In the early part of the Session of 1851, the question of the incidence of the Income Tax gave rise to more than ordinary discussion in Parliament, and a Select Committee of the House of Commons was appointed in the month of May, upon the motion of the late Mr. Joseph Hume, "to inquire into the
" present mode of assessing and collecting the Income

“and Property Tax, and whether any other mode of
 “levying the same, so as to render the Tax more
 “equitable, could be adopted.”

The Committee consisted of the following members:—

Mr. Joseph Hume.
 The Chancellor of the Ex-
 chequer (Sir Chas. Wood).
 Mr. Thomas Baring.
 Mr. Cobden.
 Mr. Disraeli.
 Mr. Horsman.
 Mr. Henley.

Mr. Vesey
 Mr. Forbes Mackenzie.
 Mr. James Wilson.
 Mr. Ricardo.
 Mr. Roebuck.
 Colonel Romilly.
 Lord Harry Vane.
 Mr. Sotheron.

The Committee did not terminate its labours during this year; but was reappointed in 1852, and continued its investigations until nearly the close of that session. Drafts of reports and resolutions were drawn up by Mr. Hume, at whose instance the Committee was appointed, and also by two of its members, Mr. Sotheron and Colonel Romilly. These reports were, however, all negatived, and the following resolution, submitted by Mr. Disraeli, was ultimately adopted:—

“*Resolved.*—That, taking into consideration the importance of the subject submitted to the Committee, the state of business before the house, and the prospect of an early prorogation, this Committee is of opinion that there is not sufficient time for discussing and preparing a report that could do justice to this complicated subject, and they therefore agree to report the evidence taken and the proceedings to the house.”

It may, perhaps, be as well to mention that the bias of Mr. Hume's mind was in favour of capitalizing property and profits, and charging duty on a rate of interest having relation to the nature of that capital. There is great diversity of opinion as to whether such a plan is theoretically correct; but, however that may be, there are few persons who have

attentively considered the subject that are not now agreed upon the impossibility of framing any scheme upon this basis, capable of being carried into practical effect.

By far the most important Act since 1842 is the 16 & 17 Vic., c. 34, introduced by Mr. Gladstone, and passed on the 28th of June, 1853.

Under this Act total exemption was restricted to incomes under £100 a year, and those ranging from £100 to £150 were subject to a lower rate of duty. The tax was also, for the first time, extended to Ireland. As that country enjoys an immunity from the assessed taxes, there was an absence of facilities for carrying the Income Tax into effect. This deficiency was remedied by the extension of the functions of the Special Commissioners, by whom the assessments are made, and the appointment of Surveyors to act as assessors. The collection is generally effected by the collectors of the poor rate and county cess, so far as regards the duties upon property; the duties upon professions, trades, &c., being collected by officers appointed by the Crown.

The following are the principal remedial measures effected by this Act:—

1. The relief of certain tolls, the property of the corporations of Scotch burghs, so far as they were applied to public purposes.
2. Charging the duty on professions in the same manner as on trades, according to the average profits of *three* years preceding that of assessment, instead of the profits of the preceding year.
3. Allowing an estimate to be made of doubtful

debts in ascertaining the profits for assessment under Schedule D; and where the debtor has become bankrupt or insolvent, the amount of the dividend which may reasonably be expected to be received on any such debt is to be deemed to be the *value* thereof.

4. An extension to persons assessed under Schedule D (professions, trades, &c.) or Schedule B (farmers) of *total exemption* from duty, if their whole income in the year of assessment fell short of £100, the former law only authorizing a reduction of the assessment to the profits actually acquired in such year.
5. An allowance to ministers of any religious denomination, and to public officers, of the expenses incurred in the performance of their duties.
6. An allowance in respect of the annual premium for an insurance made by a person on his own life or on that of his wife, or under a contract for a deferred annuity on his own life or on that of his wife, not to exceed in any instance one-sixth part of the whole amount of the profits or gains of the party. It does not, however, entitle a person to claim total exemption, or any relief from duty, on the ground of his profits being thereby reduced below £100 or £150.
7. An extension of the relief granted by the 3rd section of the 14 Vic., c. 12, to every person occupying land as *tenant* for the purposes of husbandry only, although he may not obtain his livelihood principally from that source.

On the declaration of war with Russia in 1854, the Income Tax was doubled; and a further increase was afterwards imposed by the Act 18 Vic., c. 20, from the 5th April, 1855, of 2*d.* in the pound on incomes of £150 a year or upwards; and of 1½*d.* in the pound on incomes amounting to £100 and not exceeding £150 a year, making 1*s.* 4*d.* in the former case, and 11½*d.* in the latter. It was declared by that Act that the additional duties should continue in force until the 6th of April after the expiration of one year from the ratification of a definitive treaty of peace.

It was provided by the 18 & 19 Vic., c. 35, that persons insuring or contracting for any deferred annuity, as mentioned in the 16 & 17 Vic., c. 91, with *any friendly society legally established* under any Act of Parliament relating to friendly societies, are to be entitled to all the benefits and advantages conferred by the said recited Acts. It is required, however, that the premiums payable in respect of such insurances shall not be made for shorter periods than three months.

The principal feature in the Act 19 & 20 Vic., c. 80, was provision for granting relief to landlords in Scotland, in respect of public burthens payable by them.

In 1858 the Income Tax touched the lowest point at which it has ranged since 1842—only one rate of duty of 5*d.* in the pound being uniformly levied upon all incomes.

In 1859 additional rates of 4*d.* in the pound upon incomes of £150 a-year, or upwards, and 1½*d.* in the

pound upon incomes amounting to £100 and not exceeding £150 a-year, were imposed; and in this instance the whole of the duty was collected with the first moiety of the amount in force during the preceding year.

The rates of duty for 1860 were fixed at 10*d.* and 7*d.*, and the Act passed this year contained some important alterations.

The assessments on the profits of railways and the salaries of railway officials were transferred to the Special Commissioners.

It was also provided that persons assessed for mines and quarries might, if they preferred it, appeal to the Special Commissioners instead of those acting for the district.

In 1861 the rates of duty were reduced from 9*d.* to 6*d.*, and the same rates continue in force until the 5th day of April, 1863.

After a lapse of ten years, a second Parliamentary Committee was appointed on the 19th of February, 1861, on the motion of Mr. Hubbard, "to inquire into the present mode of assessing and collecting the Income and Property Tax, and whether any mode of levying the same, so as to render the tax more equitable, can be adopted."

The Committee consisted of

Mr. Hubbard.
The Chancellor of the Ex-
chequer (Mr. Gladstone).
Mr. Sotheron Estcourt.
Mr. Cardwell.
Mr. Crawford.
Mr. Lowe.
Mr. Turner.

Mr. Ricardo.
Mr. Pollard-Urquhart.
Sir William Heathcote.
Mr. Baxter.
Sir Stafford Northcote.
Sir Frederick Heygate.
Mr. Bentinck.
Mr. Cave.

The following is the report agreed to by the Committee. It is based upon the draft report prepared by Sir Stafford Northcote:—

“ Your Committee have proceeded in this inquiry, and having examined witnesses thereon, have agreed to report the following observations to the House:—

“ The question submitted to your Committee was very fully investigated by a Select Committee appointed in the year 1851, and reappointed in 1852, on the motion of the late Mr. Hume, who laid before it a scheme for the conversion of the present Income and Property Tax into a tax to be adjusted in accordance with—

1st. The value of the property.

2nd. The tenure of the owner.

3rd. The age of the owner.

“ The chief officers of the Inland Revenue Department, to whom this scheme was at that time communicated, expressed a strong opinion that its administration would be attended with insurmountable difficulties; and your Committee see no reason for questioning the correctness of this opinion.

“ The attention of your Committee, on the present occasion, has been mainly directed to another scheme, proposed by their Chairman, and explained by him both in written memoranda and in oral evidence, the principal features of which appear to be as follows:—

“ 1st. A proposal to make net, instead of gross income the basis of assessment to the tax; not ascertaining the net income by an account of actual outgoings, but assuming it by a deduction, founded on an average, from certain classes of gross incomes.

“ 2nd. A proposal to divide all incomes into two classes, of which the one should comprise incomes called spontaneous, and the other incomes called industrial; and to tax the former upon the full amount of the net income, and the latter upon two-thirds of that amount.

“ 3rd. A proposal to distinguish in certain cases between the interest of invested capital and the repayment by instalments of the invested capital itself, and to levy the tax upon the interest only, and not upon the repaid portions of capital.

“ These three proposals are addressed to three complaints which are popularly made against the Income Tax in its present form, viz., that it taxes the owners of property in respect of income

which they do not get ; that it presses too hardly upon skill and industry as compared with property ; and that it deals with capital, in certain cases, as if it were income, and taxes it accordingly.

“ The proposals which your Committee have had under consideration are framed upon the assumption that the complaints to which your Committee have adverted are well founded, and they are contrived with much ingenuity with a view to meeting them.

“ Your Committee, however, after full consideration, have arrived at the conclusion that the plan proposed by their Chairman does not afford a basis for a practicable and equitable readjustment of the Income Tax ; and they feel so strongly the dangers and ill consequences to be apprehended from an attempt to unsettle the present basis of the tax, without a clear perception of the mode in which it is to be reconstructed, that they are not prepared to offer to your honourable house any suggestions for its amendment.

“ This tax having now been made the subject of investigation before two committees, and no proposal for its amendment having been found satisfactory, your Committee are brought to the conclusion that the objections which are urged against it, are objections to its nature and essence rather than to the particular shape which has been given to it.

“ Your Committee also feel that it would be unjust to make any alteration in the present incidence of the Income Tax without, at the same time, taking into consideration the pressure of other taxation upon the various interests of the country, some of it imposed by recent legislation, and in one case especially, that of the succession duty, to some extent by way of compensation.”

The great importance attached to the inquiry may be inferred from the patient and laborious investigation of the subject by the leading members of the Committee, which resulted in no less than four reports being drawn up for consideration at the close of their proceedings. The reports referred to were prepared by Mr. Hubbard (the Chairman), the Right Hon. Robert Lowe, the Right Hon. T. H. S. Sotherton Estcourt, and Sir Stafford Northcote, bart. These documents must always possess a lasting interest,

as embodying the deliberate opinions of Members of Parliament of so much eminence and such acknowledged practical abilities. They are deserving of the most careful perusal by all who have paid any attention to this question, and are, accordingly, inserted in the Appendix No. 3, together with the three memoranda submitted to the Committee by the Chairman (Mr. Hubbard), which are referred to in each of the draft reports.

Statistical tables relating to some of the most interesting points connected with the Income Tax since its revival in the year 1842, are given in the Appendix (No. 4).

CHAPTER II.

THE SCHEDULES OF THE ACT DESCRIBED.

FOR the purpose of classifying and distinguishing the several properties, profits, and gains, chargeable under the Income Tax Act, they are comprised and described in five Schedules, viz., A, B, C, D, and E.

Schedule A.

Under Schedule A is included property in lands, houses, &c., &c., &c., described as below:—

Alum Mines.	Fines.
Alum Works.	Fisheries.
Bridges (Tolls of).	Fairs (Rights of).
Chalk Quarries.	Forests.
Canals.	Gas Works.
Coal Mines	Hereditaments.
Copper Mines.	Heritages.
Docks.	Iron Works.
Drains.	Ironstone Quarries.
Dues.	Inland Navigations.
Easter Offerings.	Levels.
Ferries.	Lead Mines.

Lands.	Rent-charge in lieu of Tithes.
Limestone Quarries.	Royalties.
Manors.	Stone Quarries.
Market-Gardens.	Slate Quarries.
Markets (Rights of).	Salt Springs or Works.
Mundic Mines.	Streams of Water.
Mortgages on Houses.	Surplice Fees.
" Lands.	Tenements.
" Chapels.	Tithes.
" Turnpike	Tolls.
Tolls.	Tin Mines.
Nurseries.	Turnpikes (Tolls of).
Parks.	Waterworks.
Pew Rents.	Warrens.
Railways.	Woodlands.

Schedule B.

Under this Schedule is assessed what is popularly known as "occupation duty upon land." If land is farmed by the *owner*, he is liable to pay this duty, in respect of the profits, in addition to that charged under Schedule A, in respect of ownership. When land is occupied by a tenant, the duty is assessable upon him, on account of the profits derived from the cultivation. Profits arising from hop grounds, market-gardens, and nurseries, are also included under this Schedule. As regards the profits on market gardens and nurseries, however, the profits are to be estimated according to the rules contained in Schedule D, and the duty is to be charged at the *same rate* as the other profits assessable under that Schedule.

Schedule C.

This Schedule comprises all profits arising from interest, annuities, dividends, shares of annuities, payable to any person, body politic or corporate, company or society, out of any public revenue.

Payments of this nature, made out of the revenue of a foreign state, intrusted to any person in the United Kingdom for payment, are also assessed under this Schedule, as well as those out of the revenue of any colony or settlement belonging to the Crown.

Schedule D.

The various profits and gains coming under Schedule D are divisible as follows, viz.:—buying and selling shares in railways, gas works, water works, &c., in the United Kingdom or elsewhere; dividends in the public funds, the half-yearly amount of which is less than fifty shillings; employments or vocations not coming under the head either of professions or trades; foreign securities (except where the duty will be charged on the agents in this country intrusted with the payment of the dividends, and which duty will be deducted by such agent on payment of the dividends; foreign possessions; interest of money, the duty on which is not deducted by the party paying such interest; annuities or other annual payments arising from railways out of the United Kingdom, except where the duty will be charged on the agent in this country intrusted with the payment of such interest and dividends, and which duty will be deducted by such agent on payment of the interest or dividends; annuities or other annual payments derived from property out of the United Kingdom, *except railways*; letting furnished houses or furnished apartments; possessions in the British plantations, or other of her Majesty's dominions, out of the United Kingdom; professions of every description;

securities in the British plantations, or other of her Majesty's dominions, out of the United Kingdom; trades of every denomination; also, property or profits not coming within any of the foregoing heads (except lands, &c., or other property, of which no return is required to be made).

Schedule E.

Under this Schedule are charged all offices or employments of profit of a public nature, not exercised or held under any department for which Commissioners are specially appointed. It includes the following offices and appointments, viz.:—

Assessors of Taxes.	Keepers of Houses of Correction.
Clerks to Commissioners of Taxes.	Keepers of Workhouses.
Clerks of the Peace.	Parochial Offices, of every description.
Clerks to Deputy Lieutenants.	Receivers of Public Trusts and Charities.
Collectors of Taxes.	Stewards of Public Trusts and Charities.
Constables.	Toll-gate Keepers.
Coroners.	
Deputy Sheriffs.	
Gaolers.	

It also includes all other offices or employments of profit of a public nature not above enumerated, held under the following or any other public departments or bodies, *unless charged by commissioners specially appointed in the department for the purpose of assessing the same*, or by the principal officers or members of any corporate city, borough, town, or place, viz.:—all offices held under or belonging to—

Commissioners of Taxes.	County Palatine.
Civil Government of Her Majesty.	Ecclesiastical Body.
Criminal Court.	Ecclesiastical Court.
Court of Justice.	Guardians of any Fund, Toll, or Duties.

Lord Lieutenant of any County. Public Foundation.
 Magistrates of any County or Public Institution.
 Borough. Sheriff of any County.
 Public Corporation, Company, Turnpike, or any other Trusts.
 or Society.

There are two other schedules contained in the Act, viz., Schedule F, which relates to the oaths of secrecy to be taken by the various officers of the department intrusted with the management of Schedule D and

Schedule G, which relates to the notices, returns, lists, declarations, &c., required by the Act.

CHAPTER III.

THE COMMISSIONERS OF INLAND REVENUE—THE DISTRICT OR LOCAL COMMISSIONERS, VIZ., COMMISSIONERS FOR GENERAL PURPOSES, AND ADDITIONAL COMMISSIONERS—CLERK TO THE COMMISSIONERS—SPECIAL COMMISSIONERS.

By the third clause of the 5th and 6th Vic., c. 35, the Income Tax duties are placed under the direction and management of the Commissioners of Inland Revenue.

Under the 5th and 6th Vic., the Commissioners of Inland Revenue are “empowered to employ all such officers or other persons, and to do all such other acts and things as may be deemed necessary or expedient for the raising, collecting, receiving, and accounting for the duties, and for putting the Act into execution, in the like and in as full and ample a manner as they are authorized to do with relation to any other duties under their care and management.”

The duties in England are to “be assessed, raised, levied, and collected under the regulations of the 43rd Geo. III., c. 99, entitled ‘An Act for consolidating certain of the Provisions contained in any Act or Acts relating to the Duties under the Management of the Commissioners for the Affairs of Taxes, and for amending the same, and other Acts relating thereto, or for explaining, altering, or amending the same.’”

The duties in Scotland are “to be raised under the regulations of the 43rd Geo. III., c. 150, entitled ‘An Act for consolidating certain of the Provisions contained in any Act or Acts relating to the duties under the Management of the Commissioners for the affairs of Taxes, and for amending the said Act, so far as the same relate to that part of Great Britain called Scotland, and other Acts relating thereto, or for explaining, altering, or amending the same.’”

On the extension of the Income Tax to Ireland in 1853, the powers of the Commissioners of Inland Revenue were enlarged by the 16th and 17th Vic., c. 34, so as to include the direction and management of the duties levied in that country. The Act directs that the duties in Ireland are to be collected and levied under the provisions of the 5th and 6th Vic., c. 35, the several Acts therein mentioned, and of any subsequent Act passed, explaining and amending the Act of 1842, so far as the same are consistent with the express provisions of the 16th and 17th Vic., c. 34.

In placing the duties under the management of the Commissioners of Inland Revenue, it was also

enacted by Parliament, that all “ the powers, authorities, methods, rules, directions, penalties, clauses, matters, and things now in force, contained in or enacted by the several Acts before recited or referred to, or any other Acts relating to the duties of Assessed Taxes, and also all the powers, authorities, rules, regulations, directions, penalties, clauses, matters, and things contained in or enacted by the 48th Geo. III., c. 141, entitled ‘ An Act to amend the Acts relating to the Duties of Assessed Taxes, and of the Tax upon the Profits of Property, Professions, Trades, and Offices, and to regulate the Assessment and Collection of the same,’ as well as the 50th Geo. III., c. 105, entitled ‘ An Act to regulate the manner of making Surcharges of the Duties of Assessed Taxes, and of the Tax upon Profits arising from Property, Professions, Trades, and Offices; and for amending the Acts relating to the said Duties respectively,’ whether such last-mentioned powers, authorities, rules, regulations, directions, penalties, clauses, matters, and things may be in force at the time of the passing of this Act or not, *and notwithstanding that the same or any part thereof may have expired or been repealed, should severally and respectively be and become in full force and effect*, and should be duly observed, applied, practised, and put in execution throughout the respective parts of Great Britain, for raising, levying, collecting, receiving, accounting for, and securing of these duties, and for auditing the accounts thereof, and otherwise relating thereto, so far as the same shall not be superseded by and

“ shall be consistent with the express provisions of
 “ this Act, as fully and effectually, to all intents and
 “ purposes, *as if the same powers, authorities, methods,*
 “ *rules, directions, penalties, clauses, matters, and*
 “ *things were particularly repeated and re-enacted in*
 “ *the body of this Act with reference to the said*
 “ *duties.*”

The Commissioners of Inland Revenue for the time being, are Special Commissioners also by virtue of their office.

When the Income Tax was originally introduced by Mr. Pitt, the then existing machinery of the assessed taxes, with a few alterations, was adopted by him, and the same arrangements were, for the most part, adhered to by the late Sir Robert Peel, on the revival of the Income Tax in 1842.

Instead, however, of one class of Commissioners, as for the administration of the land and assessed taxes, there are three, viz.:—

The General Commissioners of Income Tax for each district;

The Additional Commissioners of Income Tax for each district; and

The Commissioners for Special Purposes.

Each of these bodies has its own separate and distinct duties clearly defined by the Act of Parliament.

The Commissioners for General Purposes.

The Commissioners for General Purposes are appointed by the Commissioners of Land Tax, at district meetings, held for that purpose. The mode of proceeding is as follows:—

The Commissioners of the Land Tax Act, or the

major part of them then present, choose, and set down in writing the names of such of their own body as are duly qualified, and who are fit and proper to act as Commissioners for the General Purposes of the Income Tax Acts.

The same limits are observed in regard to Districts as those settled under the Assessed Tax Acts.

The number of acting Commissioners for General Purposes at one time is not to exceed seven, nor to be less than three.

There is also a separate body, called "Commissioners to supply vacancies," with the same limitation as to numbers. In small divisions or districts, where there may be any deficiency of resident persons duly qualified, the Commissioners of Land Tax are empowered to select the requisite number from any adjoining or neighbouring district. So long as there are seven duly qualified acting Commissioners appointed in this manner, no other person can interfere as a Commissioner, excepting in those places where Commissioners are chosen by corporate bodies, magistrates, &c., by virtue of the powers conferred upon them by certain clauses of the Income Tax Act.

The following are the exceptions referred to:—

City of London.—The Mayor and Aldermen of the city of London name two Commissioners for the city of London, and two to supply vacancies, out of eight persons, four of whom are to be Aldermen, returned to them by the Common Council.

The Bank of England names two Commissioners, and two to supply vacancies.

The Directors of the East India Company, the

Governor and Directors of the South Sea Company, the Governor and Directors of the Royal Exchange Assurance Company, the Governor and Directors of the London Assurance Company, the Directors of the East and West India Dock Company, the London Dock Company, and the St. Katharine Dock Company, each name one Commissioner, and one to supply vacancies.

City of Norwich.—The Magistrates and Justices of the Peace may choose eight persons to be Commissioners and eight to supply vacancies, four of each to be from amongst the Magistrates themselves, and four from the inhabitants of the city.

The Magistrates and Justices of the Peace, acting for each of the following cities and towns, may choose eight Commissioners, and eight to supply vacancies, viz.:—Birmingham, Bristol, Exeter, Kingston-upon-Hull, King's Lynn, Leeds, Liverpool, Manchester, Newcastle-upon-Tyne, Yarmouth (Great).

In any case where sufficient Commissioners are not chosen for a particular place or district, the Commissioners for the same county are empowered to act.

There are various other provisions with regard to the appointment of Commissioners in certain contingencies, into which it is unnecessary particularly to enter.

All Commissioners thus appointed must possess a qualification which varies in amount, according as they act for England, Wales, or Scotland.

To act as a Commissioner for any district or division of any county at large within England (the county of Monmouth and the dominion of Wales excepted) or of any of the ridings of the county of

York, or of the county or divisions of Lincoln, or in or of any of the several cities and towns of London, Westminster, Bristol, Exeter, Kingston-upon-Hull, Newcastle-upon-Tyne, Norwich, Birmingham, Liverpool, Leeds, Manchester, King's Lynn, and Great Yarmouth, the requisite qualification is, that the person be seised or possessed of lands, tenements, or hereditaments in Great Britain of the value of two hundred pounds per annum or more, of his own estate, being freehold or copyhold, or leasehold for a term whereof not less than seven years are unexpired, over and above all ground rents, incumbrances, and reservations, payable out of the same respectively; or that such person shall be possessed of personal estate of the value of five thousand pounds; or a personal estate, or an interest therein, producing an annual income of two hundred pounds; or of lands, tenements, hereditaments, and personal estate, or an interest therein, being together of the annual value of two hundred pounds, estimating in every such case one hundred pounds personal estate as equivalent to four pounds per annum, and an interest from personal estate of four pounds per annum as equivalent to one hundred pounds personal estate; or that he be the eldest son of some person who shall be seised or possessed of a like estate of thrice the value required as the qualification of a Commissioner, in right of his own estate, for such county at large, riding, division, or city.

To act as a Commissioner for any district or division of the county of Monmouth, or of any county in Wales, or for any city, borough, cinque port,

liberty, franchise, town, or place in England, or Wales (other than the cities and towns hereinbefore-mentioned), the requisite qualification is, that the person be seised or possessed of an estate of the like nature and of *four-fifths* of the value required for the estate of a Commissioner acting for a district or division of a county at large in England as aforesaid; or that he be the eldest son of some person who shall be seised or possessed of some estate of thrice the value required as the qualification of a Commissioner, in right of his own estate, for the same county, city, borough, cinque port, liberty, franchise, town, or place.

To act as a Commissioner for any shire or stewartry in Scotland, the requisite qualification is, that the person be enfeofft in superiority or property, or possessed, as proprietor or life renter, of lands in Scotland to the extent of one hundred and fifty pounds Scots per annum valued rent; or to be possessed of personal estate of the value of five thousand pounds; or of personal estate, or an interest therein, producing an annual income of two hundred pounds sterling; or be enfeofft or possessed as aforesaid of lands and personal estate, or an interest therein, being together of the annual value of two hundred pounds sterling, estimating in every such case one hundred pounds personal estate as equivalent to four pounds per annum, and an interest from personal estate of four pounds per annum as equivalent to one hundred pounds personal estate; or that he be the eldest son of some person who shall be enfeofft or possessed of a like estate of twice the value required as the

qualification of a Commissioner in right of his own estate, for such shire or stewartry.

It is not necessary that any estate consisting of lands or tenements, as the qualification of a Commissioner, should be situate in the county, riding, division, shire, or stewartry for which he may act as Commissioner.

All Commissioners are entitled to a certificate under the hands of the Commissioners of Inland Revenue, to be enrolled by the Clerk of the Peace, and *to continue in force so long as they officiate*, exempting them from all parochial offices and from serving on juries.

It is, perhaps, scarcely necessary to add, that the highly important and valuable services rendered to the Crown by the Commissioners for General Purposes, and by other local Commissioners—the discharge of which frequently entails upon them considerable inconvenience and personal sacrifice—are performed without any emolument whatever.

It will be seen that the Commissioners for General Purposes have, with some few exceptions, the general execution of the Income Tax laws in the district for which they act; they also appoint the local officers necessary for that purpose, officiate as Judges of Appeal, and decide on the applications of persons who consider themselves aggrieved by the charges made upon them under Schedule D, and the other Schedules of the Act.

There are no Commissioners for General Purposes in Ireland. (See chapter entitled “Income Tax in Ireland.”)

Additional Commissioners.

The duties of the Additional Commissioners relate exclusively to Schedule D, under which are charged profits derived from the exercise of trades and professions. They are, in fact, the assessors of the duty under that Schedule, and have to decide upon many difficult and delicate questions in connexion with the consideration of the returns, and the assessments to be made upon those persons who omit or neglect to make returns at the proper time.

The Additional Commissioners are chosen by the Commissioners for General Purposes. The qualification is, that they be seised, or enfeoff, or possessed of an estate of the like nature, and of *one-half the value* of that required for the estate of a Commissioner for General Purposes in the same district.

The Commissioners for General Purposes may, however, if they think fit, nominate some members of their own body to act as Additional Commissioners. Those who are selected for this office, are precluded from hearing and determining any appeals against assessments which they have previously made.

Clerk to the Commissioners.

The Commissioners for General Purposes have the power of appointing a Clerk to assist and advise with them generally in the transaction of the business, whose position is, in point of fact, almost analogous to that of Clerk to the Magistrates.

In addition to his attending all meetings of the Commissioners for General Purposes, it devolves

upon him to attend the meetings of the Additional Commissioners.

The functions of the Clerk to the Commissioners are defined in various clauses of the Act of Parliament.

In regard to the assessments under Schedules A and B, after they have been duly examined by the Surveyor, they are forwarded by him to the Clerk to the Commissioners, who calculates and inserts the duties. He next proceeds to make out notices of the charge upon each person, specifying the date, time, and place of appeal, to be delivered by the Assessors.

In regard to Schedule D, the Clerk to the Commissioners receives, at his office, any returns which may be forwarded to him in pursuance of the directions printed on the notice paper, which intimate that when filled up, it may be returned under cover and sealed, addressed to him. As soon as he receives the remaining notice papers returned to the Assessor, he proceeds to abstract them, entering, in the certificate of assessment, the names of all persons making returns, and the amount of profits returned by them, for each parish comprised in his district.

After the returns and the certificates have been examined by the Surveyor, the Clerk communicates with the Additional Commissioners, to fix the necessary meetings for completing the assessments. On their being completed, he issues a notice of the amount of charge to each person, preparatory to the appeals. All reliefs or abatements directed to be made by the Commissioners for General Purposes in cases of appeal, are entered on the minutes kept by

their Clerk, and the assessments are amended accordingly. When the assessments have been corrected, they are signed and allowed by the Commissioners, and a copy, or duplicate, as it is more generally termed, of each, is then prepared by the Clerk, and delivered to the Collector, with a warrant to collect, signed by the Commissioners. The Clerk to the Commissioners is required to preserve all returns under Schedule D, which are to be numbered and filed in the office of the Commissioners and carefully kept, so long as the account of the duties for such district, or any part thereof, remain unpaid.

The Commissioners may, if they deem it necessary, appoint an Assistant Clerk; but not more than one assistant can be appointed for any district without the approbation of the Commissioners of Inland Revenue, on a statement made to them by the Commissioners for General Purposes of the necessity for such appointment, in consideration of the extent or population of the district.

The following oath is taken by the Clerk or Assistant Clerk to the Commissioners before entering upon the duties of his office :—"I ———, do swear, "that I will diligently and faithfully execute the "office of a Clerk [*or Assistant Clerk, as the case* "may be,] according to an Act passed in the ——— "year of the reign of Queen Victoria, intituled, 'An "Act [*here set forth the title of the Act*], to the best "of my knowledge and judgment; and that I will "not disclose any particular contained in any state- "ment, declaration, or schedule, with respect to the "duties charged under the provisions and regula-

“ tions relating to Schedule D of the said Act, or
“ any evidence or answer given by any person who
“ shall be examined, or shall make affidavit, deposi-
“ tion, or affirmation respecting the same, except in
“ such cases and to such persons only who shall be
“ sworn to the due execution of the said Act, and
“ where I shall be directed so to do by the regula-
“ tions of the said Act, or any two or more of the
“ Commissioners under whom I act, or of the Com-
“ missioners of Inland Revenue, or in order to, and
“ in the course of a prosecution for perjury com-
“ mitted on such examination, affidavit, deposition,
“ or affirmation.”

Special Commissioners.

The Special Commissioners were introduced for the first time on the revival of the Income Tax by Sir Robert Peel; the principal object of their appointment being to afford to persons charged under Schedule D, the means of avoiding the disclosure of their affairs to their neighbours or rivals in trade. For this purpose it is provided that any person liable under that Schedule may elect to be assessed by the Special Commissioners instead of the District Commissioners, and may prosecute his appeal before them, with a right to require the final judgment of the Commissioners of Inland Revenue.

The Special Commissioners are appointed by the Crown, and receive fixed salaries.

Amongst the functions allotted to them are the making assessments upon all Railway Companies, upon the officers of those companies in respect of

their salaries and wages, and upon dividends payable in this country out of foreign and colonial revenues, or from stocks of foreign and colonial companies.

In addition to this, a vast number of duties connected with the investigation of claims for exemption or abatement are performed by the Special Commissioners; and upon the extension of the Income Tax to Ireland (where there are no local Commissioners) they were invested with the same powers and duties as the General and Additional Commissioners in England.

It is provided by the 5th & 6th Vic., c. 35, that it shall not be lawful for them (except when acting in the execution of the Act in the place of Commissioners for General Purposes, or on any appeal in the cases authorized by the Act), to summon any person to be examined before them; but all inquiries by or before them (except in the several cases aforesaid) shall be answered by affidavit, to be taken before one of the Commissioners for General Purposes in their respective districts.

CHAPTER IV.

INSPECTORS AND SURVEYORS OF TAXES.

THE Inspectors and Surveyors of Taxes are appointed by the Crown, and act under the immediate directions and instructions of the Commissioners of Inland Revenue.

The duties of the Inspectors of Taxes—who are

selected from the Surveyors of long and tried experience—consist, for the most part, of supervision; and with the exception of their attendance at appeals, they are of a character which does not bring them much into communication with the public at large. By the Acts of Parliament, however, they are vested with precisely the same powers as the Surveyors, and can, at any and all times, perform the duties usually devolving upon the Surveyors, whenever it may be necessary or expedient for them to do so.

The Surveyors of Taxes were formerly paid a merely *nominal* salary—the larger portion of their emoluments being derived from charges upon persons who made either deficient returns or none whatever. This system of remuneration was abolished nearly twenty-five years ago, and has, therefore, never been in operation since the passing of the Income Tax Act in 1842. An erroneous impression exists in many quarters, that the Surveyors of Taxes have some direct or personal advantage dependent on the amount of taxes raised under their immediate supervision. This, however, is not the fact. They are paid by *fixed* salaries, in precisely the same manner as all other persons holding appointments in any of the Government departments.

The Surveyors of Taxes, on their appointment, take the following oath:—"I ———, do swear, " that in the execution of an Act passed in the " ——— year of the reign of Queen Victoria, in- " titled, &c., &c., &c., I will examine and revise all " statements, schedules, and declarations delivered " within my district, and in objecting to the same

“ I will act according to the best of my information
“ and knowledge, and that I will conduct myself
“ without favour, affection, or malice, and that I
“ will exercise the powers intrusted to me by the
“ said Act in such manner only as shall appear to
“ me to be necessary for the due execution of the
“ same, or as I shall be directed by the Commission-
“ ers of Inland Revenue, or any two or more of
“ them; and that I will not disclose any particular
“ contained in any statement or schedule, with
“ respect to any duties charged under the provi-
“ sions and regulations relating to Schedule D, of
“ the said Act, or any evidence or answer given by
“ any person who shall be examined, or shall make
“ affidavit, deposition, or affirmation respecting the
“ same, in pursuance of the said Act, except in
“ such cases and to such persons only who shall be
“ sworn to the due execution of the said Act, and
“ where it shall be necessary to disclose the same for
“ the purposes of the said Act, or to the Commis-
“ sioners of Inland Revenue, or in order to or in the
“ course of a prosecution for perjury committed in
“ such examination, affidavit, deposition, or affirma-
“ tion.”

The duties of the Surveyors of Taxes are multifarious, and, in populous districts, extremely laborious. They attend all meetings of the Commissioners for General Purposes, whether to hear appeals or appoint the local officers, and they keep minutes of the proceedings.

On the appointment of Assessors and Collectors, they are the medium of supplying them with the requisite forms to be distributed throughout their

respective parishes, and it devolves upon them to instruct these local officers, from time to time, upon their various points of duty.

After the local Assessors have made their assessment under Schedules A and B, they deliver it, together with all the returns, to the Surveyor. He then proceeds to examine it with these returns and with the poor-rate assessment; and by a careful comparison of the parochial valuation with certain ascertained instances of actual rack-rent, he is enabled to arrive at a just estimate of the assessable value in those numerous cases where no returns are made, or where lettings are below the rack-rent, or where property is in the occupation of the owner. He has also to examine all the claims of exemption and abatement brought in by the Assessor, and to certify them to the Commissioners for General Purposes, before the properties to which they refer can be discharged, or the duty abated from the higher rate of nine pence in the pound, to the lower rate of six pence. When the Clerk to the Commissioners has completed the certificates of assessment under Schedule D (trades and professions), it is the duty of the Surveyor to examine it with the returns, before they are submitted to the Additional Commissioners for the purpose of undergoing their consideration.

The same course is also pursued in regard to the certificates of assessment made by the Assessors under Schedule E.

The Surveyor also attends the meetings held by the Additional Commissioners, and renders them assistance in completing the assessments.

When persons elect to be assessed under Schedule

D by the Special Commissioners appointed by the Crown, instead of by the District Commissioners, the returns are forwarded under seal to the Surveyor, whose duty it is to enter them in a certificate which he prepares for the Special Commissioners. In the event of there being any appeals against charges made by the Special Commissioners, he is expected to be present.

All the various claims preferred by clergymen of the Established Church, or other ministers of religion, for obtaining a return of duty in respect of expenses incurred in the performance of their functions; or by clergymen for a return of duty on the rates levied upon their tithe rentcharges; by stewards or trustees for charitable institutions, friendly societies, &c.; and by the public at large, in respect of life insurance premiums, and in cases of exemption or abatement, pass through the hands of the Surveyor.

He is in constant correspondence with the Board of Inland Revenue, and the public generally, in cases of difficulty, dispute, and misunderstanding, with respect to the assessment or collection of the duties; and it devolves upon him to investigate all matters of this description, before they can be finally disposed of.

If the Assessor of any parish neglects to deliver a notice paper to any person to whom it should have been delivered, and the Surveyor discovers the omission, he may, at any time afterwards, cause such notice to be delivered, and may also, from time to time, direct notices to persons coming subsequently to reside in any parish.

The most arduous duties of the Surveyors of

Taxes, are those immediately connected with or arising out of the appeals. The notices of assessment under Schedules A and B, are issued by the Assessor of the parish, and those under Schedules D and E, by the Clerk to the Commissioners, and the following notification is appended at the foot of each description of notice:—

If you have any cause to appeal against the same, you must give notice in writing, ten days before the day of appeal, to the Surveyor of Taxes, at his office, situate at , and appear personally before the Commissioners on the day appointed for hearing the case.

The day of appeal is fixed for the day of ,
at o'clock in the forenoon, at the .

As it is the anxious desire of the Commissioners of Inland Revenue that persons of limited income, possessing small properties in houses or lands, as well as those occupying small farms, who are clearly exempt from the Income Tax, should, as far as possible, be saved the trouble of attending before the Commissioners to prove their title to exemption, much preliminary labour devolves upon the Surveyors before the day fixed for hearing the appeals. They have to communicate with those parties, and with the local Assessors, and sift the respective cases, in order to ascertain whether there are any payments on account of ground rent or interest, to be retained in the assessment before their property can be discharged. They have also to investigate the debtor and creditor accounts forwarded to them by persons intending to appeal under Schedule D. In populous districts these amount to many hundreds, They extend over a period of three years, and in

large concerns they require very careful investigation.

The Acts of Parliament invest the Surveyors of Taxes with various other powers, such as that of surcharge, which are resorted to only in *extreme cases*, when particular circumstances call for the exercise of rigorous measures to secure a compliance with the law.

CHAPTER V.

THE PAROCHIAL ASSESSORS.

THE parish authorities usually nominate two or more persons, whom they consider best qualified to serve the office of Assessor, and the Commissioners for General Purposes issue their precept to two of those so nominated to attend on a certain day, to be appointed for the year, in the same manner as under the Assessed Tax Acts. The date of this meeting may be said, practically, to be regulated by the proceedings in Parliament, the Income Tax being at present renewed for one year only. Until the Bill renewing the Act has passed through all its stages, the requisite forms cannot be printed; and it is necessary that the Assessors should be supplied with such forms as they are called upon to distribute at the time of their appointment, in order to enable them to commence their duties.

With a view of impressing upon the Assessors the necessity for secrecy in regard to their functions, in connexion with trades and professions, under Sche-

dule D, they are not permitted to enter upon the duties of their office, until they have taken and subscribed the following oath, in the presence of two Commissioners:—

“ I do swear, that in the execution of an Act passed in the _____ year of the reign of Queen Victoria, intituled ‘ An Act for granting to Her Majesty duties on profits arising from property, professions, trades, and offices,’ I will in all respects act diligently and honestly, and without favour or affection, to the best of my knowledge and belief, and that I will not disclose any particular contained in any statement or schedule delivered to me in the execution of the said Act, with respect to any duties charged under the provisions and regulations relating to Schedule (D) of the said Act, except in such cases and to such persons only who shall be sworn to the due execution of the said Act, and where it shall be necessary to disclose the same for the purposes of the said Act, or in order to or in the course of a prosecution for perjury committed in any matter relating to such statement or schedule.”

The first duty of the Assessor is to leave at the dwelling-houses of the several inhabitants, one of each of the following several forms of return papers, *wherever they may consider any of them applicable, viz. :—*

- | | |
|--------|--|
| No. 8. | List of clerks, travellers, inmates, lodgers, &c., &c., &c. |
| „ 9. | Notice paper, Schedule A, houses only. |
| „ 10. | „ Schedule A, and B, houses and lands. |
| „ 10a. | „ Schedule A, railways. |
| „ 11. | „ Schedule D, trades and professions. |
| „ 12. | „ Schedule E, offices and employments. |
| „ 46. | List of persons receiving salaries from corporations, companies, &c. |

Instructions are given in the following chapter as to the filling up of some of these forms.

It is requisite that they should be returned to the Assessors within twenty-one days after the date of delivery.

In cases where persons neglect to make returns, the Assessors are empowered to estimate the property

and profits of such persons as they may consider chargeable under each Schedule.

The omission to make returns interposes considerable delay in the transaction of the public business, and it is obvious that the law would be extensively evaded if Parliament had not entrusted the Commissioners, Surveyors, and Assessors with ample and summary powers to act when persons neglect to make them. As it frequently happens that individuals subject themselves to much subsequent inconvenience through this omission, it is very desirable to comply with the provisions of the Act of Parliament, and make the requisite returns in due course. Moreover, it should be borne in mind that the 5th and 6th Victoria, c. 35, contains the following penal clauses (48 and 55), which are frequently enforced. As they ought to be generally known, they are extracted in full:—

Clause 48.—"Provided always and be it enacted, that the said Assessors shall, within the time directed by the precept of the said Commissioners, give notice to every person chargeable to the said duties in respect of any property or profits situate or arising within the limits of the said places where such Assessors shall act, or leave such notice at his dwelling-house or place of residence, or on the premises to be charged by such assessment within such limits, requiring every such person to prepare and deliver, in manner directed by this Act, all such lists, declarations, and statements as they are respectively required to do by this Act, within such time as shall be limited by such precept; and if any person residing within any parish or place at the time such general notice as aforesaid shall be given, or to whom such notice shall be personally given, or at whose dwelling-house or place of residence the same shall be left, or if any person occupying any property or engaged in any concern within such limits, on whom such notice shall be served in manner aforesaid, or from whom such notice shall be left on the premises to be charged aforesaid, after notice thereof, *shall refuse or neglect to make out such lists, declarations, or statements as may be applicable to such person, and as the case may require, and deliver the same in manner directed by this Act*

within the time limited in such notice, then such Commissioners shall forthwith issue a summons under their hands to such person making default as aforesaid, in order that the penalty for such refusal or neglect may be duly levied; and the said Commissioners shall moreover proceed to assess or cause to be assessed every person making such default in the manner herein directed.

Clause 55.—“ And be it enacted, that if any person who ought by this Act to deliver any list, declaration, or statement as aforesaid shall refuse or neglect so to do within the time limited in such notice, or shall under any pretence wilfully delay the delivery thereof, and if information thereof shall be given, and the proceedings thereupon shall be had, before the Commissioners acting in the execution of this Act, every such person shall forfeit any sum not exceeding twenty pounds and treble the duty at which such person ought to be charged by virtue of this Act, such penalty to be recovered as any penalty contained in this Act is by law recoverable, and the increased duty to be added to the assessment, but, nevertheless, subject to such stay of prosecution or other proceedings by a subsequent delivery of such list, declaration, or statement in the case following; (that is to say,) if any trustee, agent, or receiver, or other person hereby required to deliver such list, declaration, or statement on behalf of any other person, shall deliver an imperfect list, declaration, or statement, declaring himself unable to give a more perfect list, declaration, or statement, with the reasons for such inability, and the said Commissioners shall be satisfied therewith, the said trustee, agent, or receiver, or other person as aforesaid, shall not be liable to such penalty in case the Commissioners shall grant further time for the delivery thereof; and such trustee, agent, receiver, or other person shall, within the time so granted, deliver a list, declaration, or schedule, as perfect as the nature of the case will enable him to prepare and deliver; and every person who shall be prosecuted for any such offence by action or information in any of Her Majesty's courts, and who shall not have been assessed in treble the duty as aforesaid, shall forfeit the sum of fifty pounds.

Seven days after the date and delivery of the different return papers at the dwelling-houses of the respective inhabitants, the Assessors are to cause the following general notice to be placed on or near to the church or chapel doors, or market-cross in the parish, and this notice is to be replaced from time to time, if necessary, for the space of ten days before

the time required for the delivery to them of the return papers:—

INCOME TAX, for the year 1861, ending 5th April, 1862.— Notice is hereby given, that all persons within this parish who by the several Acts of Parliament relating to the duties chargeable under the respective Schedules (A) (B) (D) and (E), of the Act 16 and 17 Vic., c. 35, on profits arising from property, professions, trades, and offices, are required to make out and deliver lists, declarations, and statements, are to deliver the said lists, declarations, and statements, duly filled up and signed by them, at my dwelling-house, situate at ———, within twenty-one days from the date hereof, under the penalties contained in the said Acts. Forms for such lists, declarations, and statements, have been left at each dwelling-house, but any person who may not have received a form applicable to his or her particular case, may obtain such a form on application at my residence. Dated this ——— day of ——— 1861.

As the 47th clause of the Act, 5th and 6th Vict., cap. 35, which relates to this part of the Assessors' duties is of great importance, and cannot be too generally known, it is printed entire:—

“And be it enacted, that the Assessors to be appointed to execute this Act shall, within the time and in the manner directed by the precept of the Commissioners for General Purposes, cause general notices to be affixed on or near to the door of the church or chapel and market house or cross (if any) of the city, town, parish, or place for which such Assessors act; and if such city, town, parish, or place shall not have a church or chapel, or market house or cross, then on the church or chapel nearest to such city, town, parish, or place, requiring all persons who are by this Act required to make out and deliver any list, declaration, or statement, to make out and deliver to the respective Assessors or Commissioners, or to their Clerk, at their respective offices to be described in such notice, and as therein directed, all such lists, declarations, and statements accordingly, within such time as shall be limited by such precept, and which shall not in any case be later than twenty-one days from the date of such precept; *and such general notices shall, when the same shall be affixed as aforesaid, be deemed sufficient notice to all persons resident in such city, town, parish, or place, and the affixing of the same in manner aforesaid shall be deemed good service of such notice*; and the said respective Assessors shall cause the said notices to be from time to time replaced, if necessary, for

the space of ten days before the time required for the delivery of such lists, declarations, and statements as aforesaid; and every person wilfully tearing, defacing, or obliterating any such notice so affixed shall forfeit any sum not exceeding twenty pounds."

THE DUTIES OF THE ASSESSORS IN REGARD TO SCHEDULES
A AND B.

As soon as the Assessors have received the return papers, Schedules A and B, duly filled up, it is their duty immediately to examine them with special reference to the following points, viz.:—

1st. If any inmates are named as liable to the duties and chargeable within the parish, they are forthwith to deliver to them such return papers as may appear applicable to their respective cases.

2nd. If any persons give notice of their desire to be assessed by the Special Commissioners, instead of the Commissioners of the District, the returns of such persons are to be forwarded at once to the Surveyor of the District, instead of being returned to the Commissioners of the District. (Sch. D. only.)

3rd. If any persons give notice that they are entitled to be exempted, by reason of their income from every source not amounting to £100 a-year, the form No. 38 is to be supplied. (A copy of this Form, with instructions, is given in the chapter on claims.)

4th. If any persons claim to have the assessment abated from the rate of 9*d.* in the pound to 6*d.*, on the ground of his income, although amounting to £100, being less than £150 a-year, the form No. 38,

A, is to be supplied. (A copy of this form, with instructions, is given in the chapter on Claims).

The Assessors are also bound to obtain a return of proper lists and statements from all persons acting as trustees, agents, receivers, guardians, tutors, curators, or committees, or in any other character for and on the behalf of infants, idiots, lunatics, married women, and persons absent from the realm, as well as from officers of Corporations, and Public Companies, on behalf of those for whom they act, and with whom they are joined in such trusts. They are not required to leave forms of returns where any messuage or tenement, together with the offices and lands occupied therewith, or any land separately occupied, are within their own knowledge *under the annual value of ten pounds*. After the expiration of twenty-one days from the date mentioned on the Return Papers the Assessors may proceed to make their assessment. In making the assessment the Assessors are instructed to form their own estimate wherever they are dissatisfied with the returns, or in cases when no return has been made. If they cannot otherwise ascertain the annual value of any property, they are required to resort to the Poor's Rate, of which they are authorized to make a copy. It is their duty to inquire whether it has been made by a pound rate, and on the *full* value, or any *proportionate* part of the value; and having ascertained the actual value, or the proportion on which the rate has been made, they proceed to make their estimate according to such of the following rules as are applicable to the rate for their parish:—

RULE 1.—To be made on the *same sums*, if rated to the poor on *full* value.

Where the last rate for the relief of the poor has been made throughout by a pound rate on the annual value, and the whole is rented at rack-rent, and rated at the rent, the Assessor's estimate will be a mere copy of the sums and names contained in the rate, and will apply to the duty under Schedule A for the property, as well as that under Schedule B, for the occupation.

RULE 2.—To be *increased* to *full* value if made on *proportionate sums*.

If the pound rate has been made on any proportionate part of the annual value, he is to make his estimate by increasing each sum to the full value, observing the *proportion* only as in the poor's rate, but not the amount. Thus, if the whole be rented at rack-rent, but rated at two-thirds of the rent, by adding one-half to each, the full value will be ascertained, and the estimate of the values will then stand as follows:—

	Value in Poor's Rate.	Estimate for the Income Tax.
Case 1, Farm, .	£300	£450
" 2, " .	250	375
" 3, " .	180	270
" 4, " .	160	240
" 5, House, .	80	120
" 6, " .	60	90
" 7, " .	40	60
" 8, " .	30	45

RULE 3.—If in *different* proportions, the *rate for lands* to be the guide throughout.

Where properties of different kinds are rated at different rates, but those of the same kind are rated

in a due proportion to each other (for instance, if the lands be taken at the full value, and houses at two-thirds; or if lands are taken at two-thirds, and houses at one-half or one-third, or in any other proportions, the lands being rated in a due proportion to each other), then the rule for rating lands (applying the first or the second rule to them) is to be observed by the Assessors throughout their estimate. Thus, if the houses be rated at two-thirds of their value, and the lands at *their full value*, the estimate, according to the third rule, on the lands, will be in the same sums as in the rate, and one-half will be added to the rate on the *houses*, and it will, therefore, stand as follows:—

	Value in Poor's Rate.	Estimate for the Income Tax.
Case 1, Farm, .	£300	£300
" 2, " .	250	250
" 3, " .	180	180
" 4, " .	160	160
" 5, House, .	80	120
" 6, " .	60	90
" 7, " .	40	60
" 8, " .	30	45

RULE 4.—Where the proportions of the rate are not known.

In all cases not falling within the preceding rules, if the same proportion shall have been observed in the poor's rate, but the particular proportion is not ascertained, the Assessors are to proceed to ascertain the actual rack-rent of as many particular properties in their parish as they can, which shall have been so let within seven years, and make their estimate on those properties at such rent, and the amount of that estimate will constitute the basis of their estimate on

other properties, by increasing the amount of each in the same proportion. Thus, suppose the occupiers, taking care only that the poor's rate should not bear harder on one than another, but wishing to conceal the rule by which the rate has been made, have reduced the value of each property by some proportion not discoverable; by applying *the rated value to the known value of some property* in the parish, the Assessors will, according to the powers vested in them, find the actual rent of all or any of the properties which have been let at rack-rent within seven years. Suppose on such inquiry, the rent of farm No. 1 should be £350, or £50 above the value in the rate, and the rent of farm No. 2 should be £280, or £30 above the value in the rate, amounting together to £80 above the rate, the amount of both these farms, as rated, being £550, and the increase of rent above the rate being £80, these sums will give them two of the quantities on which their rule of proportion is to be formed; the third quantity is the amount of value of the remaining properties in the rate, which, it is supposed, are the other six cited below, amounting also to £550; an equal sum of £80 should, therefore, be added to £550, the amount of the other properties, in the same proportion as in the rate, as nearly as can be computed, and their estimate will therefore stand as follows:—

	Value in Poor's Rate.			Estimate for the Income Tax.		
	£	s.	d.	£	s.	d.
Case 1, Farm, .	300	0	0	350	0	0
„ 2, „ .	250	0	0	280	0	0
„ 3, „ .	180	0	0	206	0	0
„ 4, „ .	160	0	0	193	0	0

	Value in Poor's Rate.			Estimate for the Income Tax.		
	£	s.	d.	£	s.	d.
Case 5, House, .	80	0	0	91	14	0
" 6, " .	60	0	0	68	15	0
" 7, " .	40	0	0	45	16	0
" 8, " .	30	0	0	34	8	0

If the same proportion has not been observed throughout the poor's rate in rating different kinds of property, the Assessors are to form a basis for each kind of property, namely, one for lands, another for houses, and so on. Thus, suppose the case to be in all respects the same as before, except that *properties of different kinds are rated in different proportions*. Although the actual rent may serve as a basis for properties of *the same kind*, yet the same basis cannot apply to *other properties*, as being in the nature capable of improvement, and subject to decay, in different degrees. In this case a separate basis must be taken for each kind of property. If, upon this inquiry, it is found that lands have increased, *say one-fourth*, whilst the houses remain *at their former valuation*, the estimates will be made as follows:—

	Value in Poor's Rate.			Estimate for the Income Tax.		
	£	s.	d.	£	s.	d.
Case 1, Farm, .	300	0	0	375	0	0
" 2, " .	250	0	0	312	10	0
" 3, " .	180	0	0	225	0	0
" 4, " .	160	0	0	200	0	0
" 5, House,	80	0	0	80	0	0
" 6, " .	60	0	0	60	0	0
" 7, " .	40	0	0	40	0	0
" 8, " .	30	0	0	30	0	0

If lands have increased in the proportion of 5 to 6, and houses in the proportion of 2 to 3, the estimate will be as follows:—

	Value in Poor's Rate.	Estimate for the Income Tax.
Case 1, Farm, .	£300	£360
„ 2, „ .	250	300
„ 3, „ .	180	216
„ 4, „ .	160	192
„ 5, House, .	80	120
„ 6, „ .	60	90
„ 7, „ .	40	60
„ 8, „ .	30	45

In order to carry out the directions of the Act, the Assessors are required to ascertain, in the first place, the actual rent of as many properties as they can, which have been recently let to a tenant at rack-rent. From these they are enabled to form a judgment whether the returns by the several occupiers are correct or not. If they have reason to be dissatisfied with those returns, they will then proceed to inquire as to the time, manner, and circumstances, attending any recent settlement of the poor's rate, and as to the rule by which it was made; and by comparing the sums rated with their actual information, they will be enabled to ascertain the proportion between the rate and the true value. Whenever the rate has been recently made by a survey or under an act of enclosure, it may be concluded that the proportions have been preserved with tolerable accuracy, although the practice is, in general, to make the rate *on a reduced value*. In such cases it is considered sufficient if they find the actual rent of several of the properties of each description. But where a recent survey has not been made, it must inevitably happen that properties have altered *in their relative values*; so that to follow the proportion in the poor's rate would produce a great inequality in the tax. The

supposed inequality in the rate is to be discovered by comparing the *known rent* of two or more properties of the same kind with the *amount at which they are charged in the rate*.

It will be observed that the directions given to the Assessors are very explicit, and they are to be thus assisted and guided by the mode pursued in rating properties in the poor's rate, if they cannot otherwise ascertain their true annual value. They are, however, to estimate every property according to the best of their judgment in the following cases:—

1st. Where they are *not satisfied* with the amount returned by the occupier.

2nd. Where the occupier has made *no return*.

3rd. Where the occupier *does not reside* in their parish.

They are to *resort to the poor's rate only* when they cannot otherwise discover the true annual value. When the Assessors are satisfied with the return made by the occupier, they proceed to make their assessment on the amount returned. Where there is no poor's rate, or any property is omitted to be rated, they are to depend on the return, aided by their own information. Whenever a lease or agreement* entered into within seven years, on a reserved rent only, without other consideration, is produced, they are empowered to make their assessment on the rent stated. But if they find in the lease or agreement a covenant that the landlord shall discharge any parochial rates, taxes, or assessments, which *the law has*

* The Assessors may require the production of the lease or agreement in all cases of such lettings.

imposed on the tenant, they are to deduct the amount of such payments in the preceding year from the rent, and make their assessment on the remainder of such rent, under both Schedules. If they find in the lease or agreement a covenant that the tenant shall, besides the rent, satisfy any charge on the landlord, such as land-tax, drainage, or embankment rate, or that proportion of it which by law is chargeable on the landlord, they are then to make their assessment under Schedule B, on the rent, adding to it the amount of such payments. If a return of rent is made, and the occupier declares that he holds by parole without an agreement in writing, or that the lease or agreement is, by reason of a mortgage or other contract, not in his possession, they are to report such declaration to the Commissioners, but may proceed to make their assessment according to this declaration. But if either such lease or account shall appear to the Assessors to be fraudulent, *with intent to conceal the annual value*, they are to make their estimate on the value, according to the best of their judgment.

If it be considered desirable by the Surveyor of Taxes for the district, that the Overseers of the Poor should appear before the Commissioners to be examined as to the poor's rate of the parish, the Assessors are directed to summon them, when inquiries are made as to the proportions between the poor's rate and the value of the properties; and whether the properties, or any and which of them, have been valued at the *amount*, or at any and what *proportion*, of the annual value; and what ought to be the *just proportion* between the rates on the diffe-

rent properties, if the amount of the values, and the same proportion between the rates had been observed throughout the poor's rate, and also what property is omitted in the rate.

In cases where there is no poor's rate on which the Assessors can make their estimates, and the occupier refuses to make a return, upon due notice, of the amount of the annual value, they are enjoined to make immediate application to the Commissioners, in order that they may, under their authority, enter upon such lands or grounds, for the purpose of measuring and surveying them.

**THE DUTIES OF THE ASSESSORS IN REGARD TO
SCHEDULES D AND E.**

The assessments under Schedules D and E are made by the Additional Commissioners, appointed for that purpose under the Acts of Parliament, conjointly with the Surveyors, and the duties of the Assessors are limited to the distribution of the notice-papers under these schedules, and obtaining the necessary returns.

They are enjoined to leave return-papers with every person carrying on any trade or manufacture, or exercising any profession, vocation, or calling within the limits of their respective parishes; excepting only in those cases where they are satisfied beyond a doubt that the income of the individual does not amount to £100 per annum.

They are also to obtain from the Treasurer or other officer having the management of the accounts of any county, borough, parish, board of health, burial

board, or other body, a return of the amount of interest paid in respect of money borrowed on the security of any rates or assessments not chargeable as profits and gains, in order to an assessment being made in respect of the duty payable on the interest.

If any return is forwarded to them, sealed up and endorsed, "For the Special Commissioners," they are immediately to transmit it, *unopened*, to the Surveyor of the district.

After the expiration of a certain period, they deliver all the return-papers which they have received to the Surveyor, with lists for his information and guidance.

In Ireland the Surveyors act as Assessors, and the duties under Schedules A and B are to be assessed by a poundage rate upon the annual value, according to the valuations under the Acts for the relief of the Poor.

In Scotland the Surveyors generally act as Assessors. They are authorized to claim the assistance of the schoolmaster in the parish, for the purpose of making the assessments within their respective limits.

CHAPTER VI.

ON THE FORMS OF RETURN (SCHEDULES A, B, D, AND E), AND
OTHER FORMS SUPPLIED BY THE ASSESSORS.

It is the first duty of the Assessors to deliver throughout the parish or place for which they are appointed, such of the forms referred to at page 44 as may appear to them to be applicable. The persons with whom any forms are left should return them to the Assessors, duly filled up, *within twenty-one days after the date of their delivery.*

The chamberlain or other officer acting as treasurer, auditor, or receiver, of any corporation, company, fraternity, fellowship, or society, is to make the necessary returns on behalf of such corporation, &c.

Trustees, guardians, tutors, curators, and committees of infants, married women, lunatics, and insane persons, and having the management of their concerns, are chargeable to the like amount as the infants, &c., would be if capable to act for themselves, and are to make all necessary returns on their behalf.

Persons not resident in the United Kingdom, whether subjects of Her Majesty or not, are chargeable in the names of their trustees, &c., agents, or receivers, to the like amount as if resident in the United Kingdom, and such trustees, &c., are to make all necessary returns on their behalf.

Receivers appointed by the Court of Chancery, or by any other Court in the United Kingdom are

chargeable to the duties for the property subject to the contingency or in dispute, *in like manner and to the like amount as if the title were certain*, and not subject to contingency; and, where necessary, they are to make the requisite returns.

A married woman acting as sole trader, or having separate property, may be charged as sole; if living with her husband, he shall be charged with her estate as part of his own profits.

The wife of any man living in the United Kingdom *separate from her husband* may be charged as a feme-sole for the money she receives from property out of the United Kingdom in her own right, and as the agent of her husband for his money received by her.

Trustees permitting the receipt of profits by the person entitled, also agents of persons of *full age* residing in the United Kingdom, are *to deliver lists of the names and residence of those persons only*, without being required to do any other act, unless the Commissioners shall require their testimony.

Persons intrusted with the payment of interest, or dividends from foreign companies, are required to make returns under Schedule D, in the same manner as returns are made under Schedule C.

I.

FORM No. 9.—RETURN for the ASSESSMENT of a HOUSE under SCHEDULE A, for the year ending 5th April, 1862, to be left with every occupier of a house, whether owner or tenant, to which no land is attached.

Observations and Instructions.

Owners being also Occupiers—Where a person occupies his own house, he should enter in the column “Annual Value” the full amount which it is *worth to be let at rack-rent*; at the same time he should state the amount at which it is rated to the poor. Land tax is the *only deduction* allowed; and the amount paid on that account is to be stated in the last column of this form. If no sum is claimed under this head, the Assessor makes his assessment on the full annual value.

If the total income from every source of any person occupying his own house be under £100 per annum, he should apply at once to the Assessor for a claim of exemption, No. 38; or if it be *above* £100, but *less than* £150, for a claim of abatement, No. 38 A. (See chapter on Claims.)

Particular care should be observed in stating if there be any *charges* upon the property, such as interest on borrowed money, ground rents, &c., as these sums are chargeable at the higher rate of duty *under any circumstances*, notwithstanding the owner may himself be exempt altogether, or liable to the lower rate of duty only.

Tenants.—It is requisite that tenants, in filling up this form, should fully explain the nature of their tenancy, whether they hold the house from year to year only, or under a lease or agreement, with the *date of such document*. They are also to state the amount of rent paid; the *present annual value*, if the commencement of their tenancy dates beyond the period of seven years, or the rent agreed to be paid is less than the rack-rent, in consideration of sums to be expended on the premises, &c., &c.; and the amount at which the house is rated to the poor.

If any land tax is chargeable, they are to enter the amount in the last column.

II.

FORM NO. 10.—RETURN for the ASSESSMENT of LANDS, TENEMENTS, and HEREDITAMENTS, under SCHEDULES A and B, for the year ending 5th April, 1862, to be left with every occupier of land, or house and land, whether owner or tenant; also with lay impropriators, rectors, vicars, or other ecclesiastical persons, owners or occupiers of quarries, coal or other mines, iron or other works, &c.

Observations and Instructions.

This form contains nine subdivisions, numbered consecutively from 1 to 9.

Nos. 1 and 2 are applicable to all those cases where persons have to make returns relating to lands and tenements.

No. 3 is applicable to the cases of lay impropriators, rectors, vicars, or other ecclesiastical persons.

No. 4 is applicable to returns under the head of manorial rights, royalties, &c.

No. 5 is applicable to returns of profits from coal mines, and other mines, iron works, gas works, water works, &c., &c.

No. 6 is applicable to returns of fines ; and—

No. 7 to returns of any other profits *arising from lands, tenements, &c., &c.*

Nos. 8 and 9 are notices to be signed by persons who are entitled to claim either exemption or abatement. On signing one of these notices the proper form will be supplied.

No. 1. *Owners being also Occupiers.*—The directions already given at page 61, in regard to owners of houses, should be followed in filling up this return.

In addition to land tax, deductions are allowed in respect of public rates for drainage, embanking, or fencing, and also for expenses of repairing sea-walls, or embankments. These deductions are to be claimed in the spaces allotted for that purpose. The amount of composition or tithe-rentcharge should invariably be stated.

No. 2. *Tenants.*—The directions already given at page 61, in regard to tenants of houses, should be observed in filling up this form.

Vide observations, page 61, with respect to deductions. It is necessary to state whether the land tax is *paid by the landlord or tenant*. In cases where it is paid by the latter, it cannot be allowed as a deduction under Schedule A, and the amount is *added to the*

rent before making the assessment for the occupation duty under Schedule B.

No. 3. Lay impropriators, rectors, vicars, or other ecclesiastical persons, make their returns under one of the four following heads:—

1st. The amount of the profits from tithes taken in kind for one year *on an average of three years*. This return should be the average profit of one year on the actual profits for the three preceding years. Thus, if the profits amounted to £800 in 1859, £700 in 1860, and £660 in 1861, the sum being £2,160, divided by 3, the number of years, gives £720, the average for each year, which sum of £720 will be returned.

2nd. Dues and money payments in right of the church, or by endowments, or in lieu of tithes (*not arising from lands*);—*average of three years*. Surplice fees, Easter offerings, and pew rents, are to be returned under this head.

3rd. Compositions, rents, or other payments, in lieu of tithes, *arising from lands* (except rent-charge under Tithe Commutation Act);—amount of *preceding year*.

4th. Tithe rent-charge;—amount paid in the *preceding year*.

Various deductions are allowed in respect of tithes, which can be claimed in the space allotted for this purpose.

No. 4. Return by lords of manors, or their tenants; amount of all dues and other services, or other casual profits of such manors or royalties;—*average of seven years, except rents and annual payments*.

No. 5. Return by every person, corporation, or

company, having any of the following concerns, or their agents and officers:—

The amount of profits from quarries of stone, slate, limestone, or chalk;—*in the preceding year.*

The amount of profits from mines of coal, tin, lead, copper, mundic, iron, and other mines,—*average of five years.*

The amount of profits from iron works, gas works, salt springs or works, alum mines or works, water works, streams of water, canals, inland navigations, docks, drains, and levels;—*in the preceding year.*

From fishings, and rights of markets and fairs, tolls, ways, bridges, and ferries;—*in the preceding year.*

No. 6. Return by receivers of fines; amount received in the *preceding year.*

If the receiver has not been in possession of the property for one year, he may make his estimate for one year, *from the time in which his interest commenced*, in order to embrace such fines as might have been received in the course of one year.

No. 7. Return of any other profits arising from lands, tenements, or hereditaments, not before enumerated;—the amount *on a fair average* to be made by the Commissioners.

III.

Railways.—Until the year 1860 the profits of railways were assessed by the Commissioners for General Purposes in the same manner as other profits, chargeable under Schedule A. This system was

altered by the 23rd Vic., c. 14, and since that time an annual return is required, based upon the *actual profits of the preceding year*, and the assessment is now made by the Special Commissioners in London.

The following is the form of return which is left *annually* with the secretary or other principal officer of every railway company:—

FORM No. 10. A.—**STATEMENT** to be filled up and returned by the *Secretary or other Principal Officer* of every Railway Company, of the annual value of the profits of the company for the year ended the 5th of April, 1862, in order to an assessment being made for the duty payable thereon for the year commencing the 6th of April, 1862, and ending the 5th of April, 1863, under Schedule A of the Income Tax Act:—

Name of the Company.	Annual Value of the Profits.

IV.

FORM No. 11.—SCHEDULE D, for a return of the profits of trades, professions, vocations, employments, &c.

Observations and Instructions.

This form is subdivided as follows:—

1. Sources of income.
2. Declarations.
3. Notices.
4. Rules and regulations.

1. *Sources of Income.*—The first page contains a list of all the sources of income chargeable under this schedule, arranged under *fourteen different heads*.

Many persons are under the impression that they are bound by law to make a return of the amount of their incomes upon this form, if it be left at their residences, *although such incomes may arise exclusively from investments from which the tax has already been deducted*. By falling into this error they are doubly charged, and consequently subjected to considerable inconvenience. It will be sufficient, in any case where the Assessor leaves a form with a person whose income is of this description, if he writes across it something to this effect:—“The tax has been already deducted from all moneys received by me, and I have no income arising from any of the sources described herein.”

By glancing over the different “Sources of Income,” any person will soon perceive under which particular head his own return should be made.

Particular attention is again called to the three clauses of the Act, 5 & 6 Vic., cap. 35, already quoted at pages 45, 46, and 47.

As regards trading and banking concerns, the following observations and illustrative cases may explain some points in a manner to assist persons in filling up their returns.

Under the Income Tax Acts, trading concerns are those which in *legal import* are deemed to be *trades*.

Many concerns may be carried on for profit, in which the parties consider themselves as carrying on something *in the nature of trade*.

Some of these are specially referred to in the Income Tax Acts; for instance, mines, quarries, salt works, &c., and they are directed to be assessed *in a particular manner*.

Such concerns, however, in the nature of trade as are *not enumerated*, although, strictly speaking, *they are not trades*, are yet assessable as such. 'Those which are enumerated and contained in Schedule A or C are *not to be considered as concerns in trade*.

The adventures and concerns in the nature of trade here referred to, consist of those which are in no way connected with lands, &c., but such as adventures in ships, or any other personal concern in which trade is carried on.

Insuring ships or goods is not, strictly speaking, carrying on a trade, but it is an *adventure for profits or loss*, and, therefore, properly here described.

The profits of insurances of real property are not profits arising from or out of lands, but from a per-

sonal contract, and they also come within this description.

What are, strictly speaking, trades, are those concerns *which subject the party to the Statutes of Bankruptcy.*

Some of the concerns under Schedule A may be so mixed with trade as to subject the party to those laws; nevertheless, they are not chargeable under this head. In their real character they are *concerns in lands*, and in the construction of the Income Tax Acts, they must be regarded in that light.

The Income Tax Acts extend only to *pecuniary profits.*

The advantages of *board and lodging* cannot be reckoned in the statement of income, nor in estimating the income of a person with reference to a claim for exemption or abatement; *but wages and board wages are chargeable.*

An estate bought and afterwards resold, does not yield a profit chargeable under the Act—it is an *increase of capital.*

The estate remains chargeable *in whosoever hands it is*, and the dealer continues liable whilst he holds it, which is the *only profit* that is chargeable.

The same may be said generally of stock bought and sold; but buying and selling it *as a broker* is a part of his trade, and his profit or loss may be brought into the account.

When a person has ceased to exercise any trade *before the year of assessment*, he is not chargeable.

A person having paid a premium of £300, to another person, in consideration of his vacating cer-

tain offices of the annual value of £120, contended that this was a sum expended in acquiring the profits, and that until the £300 was reimbursed, he could not be charged. The Commissioners decided that this was a purchase of the situation, *in order to entitle him to the profits*, and not an expense incurred in acquiring them. It might as well be said, that the purchase-money of an estate, or an annuity in the funds, *should be reimbursed* before the rent or dividends could be charged.

Voluntary contributions accruing to dissenting ministers and others, are chargeable with duty under this schedule.

Bankers.—The Income Tax Acts have *separated* all funded property and annual interest from the concerns of trade, and thus treat the investment of money in the funds or on mortgages, &c., differently from *discounting or advancing money on negotiable securities*. Supposing, therefore, that a banker lends £10,000 to any person on mortgage, the mortgager will deduct the duty on payment of the interest. If, however, the same banker lends money to a large amount on bills and notes for short periods, and makes on an average of three years £5,000 per annum, from this source he is to receive that interest without any deduction. He will then account for it in his trading profits, setting off his incidental expenses. He is not, however, to take any notice of the interest of the mortgage in making his return.

A banker, whose investments are chiefly in funds, mortgages, and Exchequer bills, in making out his trading concerns of cash received and paid on interest

not annual, finds they balance each other so nearly as not to enable him to pay his clerks from the profits of his trade, as defined by the Act. He, therefore, in his return of no profits, declares he has made no deduction for the salaries of his clerks, and claims from the Commissioners a certificate to enable him to deduct the rate of duty from them on payment. The Commissioners consider, that the clerks' salaries are chargeable *personally on them*, and that he is not entitled to deduct the duty from them, and they accordingly assess the clerks for their salaries.

The situation of bankers is peculiar; as the principal part of their capital is in the funds, on mortgage, or other securities, they have, in some cases, nothing left but temporary loans on which a profit can arise. They are required to make a return of such profits, and against these they can set off the expenses incurred.

Private bankers of the greatest eminence may return their profits as deficient, when they restrict their business to keeping the accounts of persons who always leave large balances in their hands, which do not admit of any charge for commission, and where they do not profess to discount.

They should, however, when called upon, account to the Commissioners for the nature of their concerns. When they have branch banks at various places, a return of general profits is to be made *at each place*, and they should account satisfactorily for that return to each set of Commissioners, although they can be charged only at one place.

The returns of the different profits enumerated, are to be estimated as follows:—

1. Trades; 2. Professions; 3. Employments, or

vocations; 4. Buying and selling shares in railways, gas works, water works, &c.—Average of three years.—5 & 6 Vic., cap. 35, sect. 100. Case 1. rule 1. 16 & 17 Vic., c. 34, s. 48.

5. From letting furnished houses, or furnished apartments.—As the case may require, and as the Commissioners may direct.—5 & 6 Vict., cap. 35, s. 100; Case 6.

6. From interest of money, the duty on which is not deducted by the party paying such interest.—Preceding year.—Same. Case 3.

7. From dividends in the public funds, the half-yearly amount of which is less than fifty shillings.—Preceding year.—Same. Sect. 95.

8. From interest of money, annuities, or other annual payments arising from railways out of the United Kingdom, except where the duty will be charged on the agent in this country; 9. From interest of money, annuities, or other annual payments derived from property out of the United Kingdom, *except railways*; 10. From securities in the British plantations, or other of Her Majesty's dominions, out of the United Kingdom.—Current year.—Same, s. 100. Case 4.

11. From possessions in the British plantations, or other of Her Majesty's dominions, out of the United Kingdom.—Average of three years.—Same. Case 5.

12. From foreign securities, except where the duty will be charged on the agents in this country.—Current year.—Same. Case 4.

13. From foreign possessions.—Average of three years.—Same. Case 5.

14. From property or profits not coming within

any of the foregoing heads (except lands, &c., or other property of which no return is required to be made).—*As the case may require, and as the Commissioners may direct.*—Same. Case 6.

2. Declarations.—1st. Declaration to be made by the precedent acting partner of a firm. Particulars to be stated:—

1. Description or style of the firm.
2. Place of carrying on the concern, or exercising the profession.
3. Names of the partners.
4. Residences of the partners.

N.B.—If none of the partners are resident in the United Kingdom, this information is to be furnished by the agent, and the declaration should be duly signed by him.

2nd. Declaration to be made by any person engaged in the *same trade or profession in two or more places*, or by any person carrying on his trade or profession *in a different parish from that in which he resides*. Particulars to be stated:—

1. Description of trade or profession.
2. At what place the trade is carried on or profession exercised.
3. Parish or place, and county, where the duties are to be paid.

3rd. Declaration to be made by a *partner in trade* chargeable under the joint assessment of the firm. Particulars to be stated:—

1. Name of the firm or copartnership.
2. Where the return is made.

4th. Declaration to be made by a *partner desirous of being separately assessed*, for the purpose of claiming exemption from the duties; or by a partner desirous of accounting for separate concerns *for the purpose of setting off the loss sustained in one concern in the nature of trade, against the profits acquired in any other such concern*. Particulars to be stated—

1. Proportion of the profits and gains.
2. Place where trade or manufacture carried on.

The *general declaration* on the third page of the form is to be signed by every person; and the return is incomplete if this is omitted.

3. *Notices*.—No. 5. To be signed by any person desirous of being assessed by the Special Commissioners.

No. 6. To be signed by any person desirous of being assessed under number or letter *by the District Commissioners*, and not by the Special Commissioners.

No. 7. To be signed by any person claiming exemption, total income being under £100 per annum *from all sources*.

No. 9. To be signed by any person holding an office or employment of profit, except such as is of a public nature, and held under any department for which Commissioners are specially appointed.

4. *Rules and Regulations*.—General directions are given under this head as to the mode of estimating profits, also, an account of the deductions which are allowed, and of those which are not allowed.

The preceding forms of returns are those which appear most likely to occasion difficulty, and it is not thought necessary to offer any suggestion as to the others.

Any person having delivered a statement which he shall subsequently discover to be wrong *may rectify it*; and he shall *not* be afterwards *liable to the penalty* to which he would have been subjected if such statement had not been rectified.

If any person has not delivered a statement within the time limited, *he may nevertheless deliver it at any time before proceedings be taken for the recovery of the penalty*, and no proceedings shall be afterwards commenced for the recovery of such penalty.

If any proceeding has been commenced for recovering such penalty, the Commissioners may, on due proof to their satisfaction, *that no fraud or evasion was intended*, stay proceedings, either on the terms of paying or without paying costs; and if proceedings have been commenced in a court of law, the Commissioners may certify, *that in their judgment no fraud or evasion was intended*; in which case a Judge is empowered, on a summary application, to stay proceedings, on such terms as he shall think fit.

If a person has delivered *an imperfect statement*, and furnishes sufficient reason *why a perfect statement cannot be delivered*, the Commissioners are authorized to grant further time, and, if necessary, again to extend the period, from time to time, for the delivery of such statement; and he shall not be liable

to a penalty, in case he shall have delivered *as perfect a statement as, from the nature of the case, he was enabled to give.*

CHAPTER VII.

THE RATES OF DUTY UNDER EACH SCHEDULE FOR THE YEAR 1863, ENDING 5TH APRIL, 1864. THE ASSESSMENTS, SCHEDULES A AND B, MADE IN 1861, CONTINUED IN FORCE.

It has hitherto been the practice to continue the assessments on lands, houses, and other properties charged under Schedules A and B, subject to revision, for three, and sometimes four years.

The last assessments were made in pursuance of the 24th Vic., cap. 20, for the year commencing the 5th day of April, 1861.

By the 25th Vic., cap. 22, passed on the 3rd June, 1862, it was enacted as follows:—

The sums charged as the annual value or amount of any property, profits, or gains in the several and respective assessments made in pursuance of the Act passed in the 24th year of Her Majesty's reign, chapter 20, under Schedules A and B respectively of the Act passed in the 16th and 17th years of her Majesty's reign, chapter 34, and the duty charged in respect of such annual value or amount by the said assessments for the year ended on the 5th day of April, 1862, shall (except as to railways and other-

wise as provided by the Acts relating to Income Tax) be taken as the annual value or amount of such property, profits, or gains, and as the duty payable in respect thereof respectively for the year commencing on the 6th day of April, 1862; and the respective assessments made under the said Schedules respectively for the said year ended on the 5th day of April, 1862, except as aforesaid, shall, for the purposes of this Act, be deemed and taken to be assessments made for the year commencing on the 6th day of April, 1862; and such duties shall be collected, levied, and paid for the said year commencing on the 6th day of April, 1862, subject, nevertheless, to be increased in like manner as the assessments made for the year ended on the 5th day of April, 1862, and subject also to be abated or discharged at the end of the year commencing on the 6th day of April, 1862, for any cause allowed by the said Acts: Provided that whenever it shall appear that any property, profits, or gains chargeable under this Act have not been charged by the assessments made for the year ended on the 5th day of April, 1862, such property, profits, and gains shall be assessed to the duties granted by this Act under the provisions of the said several Acts applicable thereto.

The assessments made in 1861 are, therefore, continued from 5th April, 1862, to 5th April, 1863, and will probably be further continued from the year 1863 to April, 1864.

The following are the rates of duty under each Schedule for the year 1863, ending 5th April, 1864, on incomes of £100 per annum, and upwards, subject

to a deduction of £60 from all such incomes as do not exceed £200 per annum:—

Duty on all
Incomes of
£100 a-year
or upwards.

Schedule A.

s. d.

For and in respect of the property in all lands, tenements, hereditaments, and heritages in the United Kingdom, 0 7

Schedule B.

ENGLAND.

For and in respect of the occupation of all such lands, tenements, hereditaments, and heritages, 0 3½

SCOTLAND AND IRELAND.

For and in respect of the occupation of all such lands, tenements, hereditaments, and heritages, 0 2½

Schedule C.

For and in respect of all profits arising from interest, annuities, dividends, and shares of annuities, payable to any person, body politic or corporate, company or society, whether corporate or not corporate, out of any public revenue, 0 7

Schedule D.

For and in respect of the annual profits or gains arising or accruing to any person residing in the United Kingdom, from any kind of property whatever, whether situate in the United Kingdom, or elsewhere, 0 7

For and in respect of the annual profits or gains arising or accruing to any person residing in the United Kingdom, from any profession, trade, employment, or vocation, whether the same shall be respectively carried on in the United Kingdom or elsewhere, 0 7

For and in respect of the annual profits or gains arising or accruing to any person whatever, whether a subject of Her Majesty or not, although not resident within the United Kingdom, from any property whatever in the United Kingdom, or any profession, trade, employment, or vocation exercised within the United Kingdom, 0 7

For and in respect of all interest of money, annuities, and other annual profits and gains not charged by virtue of any of the schedules, 0 7

Schedule E.

For and in respect of every public office or employment of profit, and upon every annuity, pension, or stipend, payable by Her Majesty, or out of the public revenue of the United Kingdom, except annuities charged to the duties under Schedule C, 0 7

It is provided, however, that no duty shall be charged of a lower denomination than one penny.

CHAPTER VIII.

ASSESSMENTS—SCHEDULES A AND B.

It has been already shown, in previous chapters, what properties are chargeable under Schedule A, and an account has been given of the rates of duty for the year 1863–64.

It now, therefore, remains to treat of the different methods of estimating the various descriptions of property with a view to assessing them to the duty, and further to consider upon whom the assessments are to be made, and in what place.

The principle of the Income Tax Acts is to assess every description of property at its annual value.

In making the assessments under Schedule A, there are three distinct points which claim consideration:—

1. In what manner the annual value can be most conveniently ascertained for the purpose of charging the duty.
2. Upon whom the duties ought to be charged.
3. In what place the assessment is to be made.

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1. In what manner the annual value can be most conveniently ascertained for the purpose of charging the duty.

In all cases where the annual value can be ascertained by a rent *actually paid*, or by an estimate founded upon a comparative average of rents agreed

upon *within seven years*, the assessments are made upon this basis.

The general rule for estimating properties in this manner will be first considered.

It extends to all lands, tenements, hereditaments, or heritages capable of actual occupation, of whatever nature and for whatever purpose occupied, and of whatever value, except the properties hereafter described at page 96.

In all cases where the annual value of any properties cannot be ascertained by this criterion, they are assessed either on the *full amount* of the *profits* in the *preceding year*, or the *average amount for one year* of the profits actually received within certain periods limited by the Acts of Parliament—in some instances three, in others, five or seven years. The properties estimated in this manner are enumerated at page 95.

The duties are to be assessed on all lands, tenements, and hereditaments, whether occupied at the time of making the assessment or not.

The words “lands, tenements, and hereditaments,” are construed in their strictly legal sense, as follows:—

Lands.—Lands in the legal signification, comprehend any ground, soil, or earth;—as meadows, pastures, woods, moors, waters, marshes, furzes, and heath; and in the construction of the Acts are to be understood in that sense, as far as relates to lands in the United Kingdom.

Tenements.—Tenements, in the legal signification, comprehend everything of a permanent nature that may be an object of tenure, whether corporeal

or incorporeal; and in the construction of the Acts, the word is to be understood as comprehending houses (lands being described particularly), and whatever else may be holden and arising out of lands in the United Kingdom, as rents, commons, an advowson, a right of common, and the like.

Hereditaments.—Hereditaments, in the legal signification, comprehend whatever may be inherited, whether corporeal or incorporeal, real, personal, or mixed, that may descend to an heir; and in the construction of the Acts must be understood to extend to all corporeal, personal, and mixed hereditaments having relation to lands or tenements.

1. General rule for estimating all lands, tenements, hereditaments, or heritages, capable of actual occupation, of whatever nature, and for whatever purpose occupied or enjoyed, and of whatever value, except the properties hereafter described at page 96.

1. *Houses or lands in the occupation of the tenant.*—All houses or lands which have been let at a rack-rent, the amount of which has been fixed by agreement within seven years, are estimated at the *amount of such rent*.

All houses or lands which have not been so let within seven years, or are not let at such rack-rent, are estimated in the sum *which they are now worth to be let at rack-rent by the year*.

2. *Houses or lands in the occupation of the owner.*—All such houses or lands are estimated at the sum

which they *are worth to be let at rack-rent by the year.*

It is important to bear in mind the true signification of the terms "*Rack-rent*" and "*Agreement*;" and at the same time to consider what is intended by the words, "*lands capable of actual occupation.*"

Rack-rent.—Rack-rent may be defined the *best improved* rent that can be obtained. Under all the provisions of the Acts, rack-rent is understood to mean—in the cases where there has been a letting within seven years—the rent agreed upon; and—in other cases—the rent that would be agreed upon by the parties, to be paid and received annually, as the *sole consideration* in value for the demise of the lands or tenements—each party bearing those respective burthens which the law and the nature of the property throw upon them.

As the object of the general rule is to charge all lands *at the present value*, and as recent lettings at rack-rent may be supposed to give that value to a reasonable certainty, the period of seven years has been fixed, being the longest period during which lands let at rack-rent may be considered as retaining *the same or nearly the same value*; and the longest duration of term for which lands are usually let, without throwing on the tenant some additional burthen beyond the rent reserved.

Agreement.—A new agreement must be shown to have been made *within seven years*, fixing the amount of rent. This agreement may be in writing or by parol; it must be an agreement operating *at the present time*. If a lease subsists in force, *no*

agreement to continue the former rent is an agreement within the meaning of the Act, so as to bring the commencement of the demise or of the rent to a later period.

The fixing of a rent does not necessarily imply a *variation in the rent*; circumstances may be such as not to admit of it.

At the expiration of a term, a *new demise* necessarily infers *a new agreement*, whether the amount of rent *has varied or not*. But during the *continuance* of a demise, no agreement for fixing the rent can have a legal operation.

In demises from year to year, determinable on notice at the will of the parties, which have continued *for more than the period of seven years*, a *determination of the demise* by notice or mutual consent within that period must be shown, to entitle the tenant to claim to be assessed on the rent.

The rent must have been fixed at the time of determining the demise *by a new agreement then entered into*; and if the determination of the former demise and a new agreement be shown, *although the rent is not varied thereby*, it falls within the meaning of the rule for fixing the rent, which becomes the criterion for assessment. But whenever a tenant has *continued in a farm for more than seven years under a demise*, which has not in law been determined within that period, the assessment is to be made on the *actual value and not on the rent*.

Lands capable of actual occupation.—Lands capable of “*actual occupation*” are all those, which, from the interest of the proprietors therein, are, or

may be exclusively enjoyed by them. The word has little affinity to cultivation, or to any of the modes usually adopted for cultivation, still less to the usual modes of tenancy.

Although lands lie uncultivated, or although property may be of a nature that cannot be made the subject of a contract with a tenant, yet there is an occupation in its legal sense, resting in the owner of the lands or other property.

Lands capable of actual occupation are all those which are exclusively the property of some one or more proprietors, and include all lands from the use of which a benefit may arise, however small or uncertain that benefit may be.

The manner of cultivation—the keeping or rendering them unprofitable—will not take away their rateability, though their present value may be lessened, so long as they retain their original and intrinsic quality.

Lands converted to uses not at present beneficial, may retain their *quality*; and in retaining that, retain the *value on which the tax operates*.

Lands that are wholly uncultivated may have some value, though small, arising either from the *surface or the soil*—both of which are included in the description of lands. The profits that might arise from the surface, from the spontaneous or cultivated produce of the lands, are the particular objects of the general rule; and are to be charged by that rule, according to their capacity to produce a profit, although, from misuse, they may not be actually productive of profit.

Lands so used as not to produce an annual re-

venue, or a revenue at a remote period, *retain their intrinsic value*, and are capable of an average estimate, which is the rent at which they would then let, for the beneficial purpose of cultivation.

Commons and waste lands do not come within the scope of this rule. They are not in *exclusive occupation*, any farther than they are appurtenant to other lands, and may, thereby, increase their value.

But all lands over which the proprietor has *an exclusive power of cultivating as he pleases*, whatever use he may make of them, are the subject of assessment. The value at which they are to be estimated is *their present value, to be cultivated in the ordinary mode of cultivation, and depending in its amount on the quality of the land*.

All lands, therefore, as far as the value of the surface extends, whether freehold, copyhold, or customary—whether in lease for life or years—or under more precarious tenure—or in the possession of the owner—in whatever manner used, or (as the Act expresses) *occupied*, are subject to this general rule.

Those properties which are hereafter enumerated at page 96, the profits from which arise *from a use of the soil*—as quarries or mines—certain works for the *manufacture of the soil*—as salt and alum works—and certain rights attached to the soil or the property therein, depending wholly on their being brought into productive action, and to the extent of the profit arising, are to be charged by rules peculiar to themselves.

A difference of opinion has, however, existed with regard to “woodlands.” They are not separately

designated by the Acts, and are therefore comprehended under the general term "lands."

It has been shown that the word "lands," in its legal signification, comprehends woods, and so comprehending them, the rule must apply to them equally as to other lands.

Wood is part of the superficial produce of the land, spontaneous or cultivated: the profit arising from it is not annual, though its improvement is so; it may not be periodical, so as to be capable of a fixed average; it may be the accumulated produce of centuries, and may be regarded, to some extent, as belonging to the inheritance rather than the possession. It is certainly capable of limitation in such manner as to deprive the possessor of the profit: but in the Income Tax Act, the object of which is to obtain a revenue from every *visible property*, no limitations are admissible to diminish the assessment. The occupier is considered as the *absolute proprietor*—the property itself is charged in his hands—and whatever rent the property is *capable of producing*, is assessed upon the occupier, without regard to the use to which it may be put by the present proprietor, of the restraint or limitation under which he or any former proprietor may have placed it. On one side it has been argued, that woodlands are so circumstanced as not to be the object of occupation, in the same manner as arable, meadow, or pasture land; that in consequence an annual rent cannot be affixed to them; that the profits are all confined to the property, and are not divisible in their nature between the owner and a tenant; and consequently not the subject of charge in respect of

the *occupation*, however they may be subject to a charge in respect of the *property*; and finally, that the profits are casual or periodical, and cannot be the subject of an annual assessment.

In answer to these objections it has been stated that it is competent for the Legislature to assign to each kind of property peculiar regulations for estimating the value, and that the exercise of such power is peculiarly conspicuous in the Income Tax Acts. That admitting the general object of the Acts to be an assessment on annual profits, yet they may depart from that rule on principles of general policy; and where profits exist that are not annual, they may, in pursuit of their general object, adopt an average as the ground of such assessment, and are not bound to resort to the profits.

That all lands—meadow, arable, and pasture—are estimated on an average taken from the quality and fecundity of the land, and not on actual profits.

That land, however cultivated or neglected, or reserved for particular uses, does not *part with its quality*, but that in proportion to that quality, its capability is increased or diminished; that it cannot be denied, that underwoods, cut periodically, are usually let to tenants, and that the Acts, not having distinguished between the one and the other, must, in their interpretation, be governed as to both by the same rule of construction; and that it is only on the principle of convenience that woods of all descriptions are not usually let, for, in their nature, they are as capable of being let for a term sufficient to secure to the lessee a certain share of profit, and under coven-

ants to secure the permanency of the owner's interest, as lands of any other description, producing an annual profit, are capable of being let by the year.

That, under all these circumstances, it was competent to the Legislature, in assessing woods of all descriptions, to resort to that criterion which would give *an average value*; and that in so doing they have applied to them the rule which is applied to other lands, as affording *the best average of the annual profit*. That when the value is estimated according to the quality of the land, without reference to the natural produce, the value of land covered with wood is as capable of being estimated, from its intrinsic quality, under the same general rule as land covered with grass or corn.

In considering the division of the duty into two parts,—the one as applied to the property, the other to the occupation,—it has been answered, that in letting lands, the rent is ascertained by the fecundity of the land, and its capacity to produce a crop, leaving to the tenant a living profit thereon; which, in general cases, and as considered by the Income Tax Acts, is equivalent to the rent. That in estimating lands covered with wood, the same rule is to be adopted.

The real question is, what would the land referred to let for in the ordinary course of cultivation—leaving the tenant a profit, after payment of expenses, to subsist upon, and defray the occupier's burdens charged on the land? Whatever the result of this question is, that sum will be charged at the full duty under Schedule A, and at half (or one-third in Ireland or

Scotland) under Schedule B; a mode more beneficial to the owner than that of charging the whole value of the profits at full duty.

As the Act describes the lands subject to the general rule, as lands in *actual occupation*, it is of course applied only to enclosed woods, being exclusive property, and exclusively reserved for that purpose.

Wood growing on lands—as meadow or pasture—in the occupation of the proprietor, and producing other profit, is to be charged with the lands.

Wood growing on lands in the occupation of a tenant, but excepted from the demise, is the object of another rule. (See page 110.)

The rateability of the land is not affected by the uses to which it may be applied by the proprietor.

Walks, pleasure grounds, ornamental plantations, are all chargeable to the duty. So are forests, parks, chases, warrens, commons, and the like. The unprofitable use of land, by converting its fertility, may change its value, but cannot change its rateability.

Where a landlord is subject to a covenant or agreement to pay or satisfy out of the rent reserved all or any parochial rates, taxes, or assessments, which by law *constitute a charge on the occupier*, or any composition for tithes; or where any rector, vicar, or other person entitled to any rent, or other annual payment to be made in lieu of tithes (except a rent-charge confirmed under the Act passed for the commutation of tithes), or any composition for tithes, shall pay or satisfy any such parochial rates, taxes, or assessments charged on such tithes, rent, composition, or other annual payment, then the annual value

shall be estimated, *exclusive of such payments*, to be computed on the amount *bonâ fide* paid by such landlord or other person, in or for the preceding year.

Where the owner is also occupier of such lands or tenements, and has paid any parochial taxes or assessments, or any compositions for tithes, then the annual value shall be also estimated, *exclusive of such payments*, to be computed in like manner.

As the object of the Act is to ascertain the *annual value* of the land, in the same manner that *landlords usually let their lands*, and to assess each according to the actual profits; so, whenever a landlord agrees to pay those burdens which the *tenant ought to pay*, the rent reserved is necessarily increased beyond the rack-rent, and therefore the amount he thus pays should be deducted from the rent reserved, in order to ascertain the rack-rent.

Supposing land, worth at rack-rent £100, to be actually let at £125, under the covenant that the landlord should pay all parochial taxes,—estimated at £25 per annum one year with another—the amount upon which the duty should be charged would be £100, which in this case is the *rack-rent*.

This is the fair consideration for the farm, and should be the guide for estimating the charge both upon the proprietor and the occupier.

The same rule applies where the lands are not let, but remain in the occupation of the proprietor; for nothing more can remain to him as proprietor than the rent, which would be *bonâ fide* obtained from the tenant; nor, as an occupier, can his profit be consid-

ered more than the sum that would remain for the tenant's profit.

It is also the intention of the Income Tax Acts, that the same allowance should be made whenever the landlord has compounded for the tithes, and therefore lets his lands tithe-free; or, in consequence of that composition, takes the tithes to his own use. As these form no part of his estate, but are assessable separately, the rack-rent is to be estimated not on the actual rent reserved, but on the difference which remains after deducting those payments.

As the general rule now under consideration is carried out in practice, defined and governed by these regulations, it follows, of course, that in all other cases where the annual value, and not the rent, is the criterion, the estimate of that annual value should be made on the supposition that the tenant is to discharge all those demands, and that the rack-rent is the amount which remains after making those just allowances.

Parochial rates would seem to be those, the payment of which confers a settlement in the parish, as aiding the contributions to which the parish is liable.

The taxes usually falling on the occupiers, as incidental to the lands, are the poor's rate, the highway rate, the church and constables' rates, and they are all described as parochial rates.

Other taxes, such as the assessed taxes, are not contemplated by the Income Tax Acts—they are personal taxes; but, nevertheless, if a landlord covenants to pay them, some allowance would appear to be equitable.

It is questionable, however, whether, in any view of the subject, a lease in which the landlord covenants to pay the assessed taxes for the tenant, can be considered as a letting at rack-rent. The Income Tax Acts do not refer to them, considering them as personal taxes, not imposed on the property, and, therefore, in such cases, the mode of assessment appears to be on the annual value, without regard to the lease, even though it be a recent one.

The Assessed Tax Acts contain a provision that the payment of these duties shall not confer a settlement in the parish, and, therefore, they are not parochial rates.

Where the amount of rent reserved in money depends wholly, or in part, on the price of corn or grain, the estimate of annual value is to be made on the amount payable, according to the average prices fixed *in the year preceding the year of assessment*, and in the same manner as the rents have usually been ascertained between the landlord and tenants.

Where the whole or part of the rent is reserved in corn or grain, then the estimate of the annual value is to be made on the quantity of corn or grain delivered, or to be delivered, *in the year of assessment*, on the like average price; or where such computation is impracticable, the assessment may be made on the annual value of the lands, estimated according to the general rule.

Where the amount of rent depends on the actual produce, either in respect of the price or quantity, the estimate is to be made on the amount or value of such produce *in the year preceding the year of assess-*

ment according to the price fixed, and according to the quantity produced in that year, in the same manner as rents have usually been ascertained between the proprietors and their lessees.

In Scotland every estimate of such property is to be made without reference to the cess or tax roll, or valued rents heretofore used in Scotland, or any stent thereon, and is to be made according to the general rule in Schedule A, to the best of the belief and judgment of the Commissioners, Assessors, and others employed in charging the duties.

An assessment made according to the rent contained in a lease or agreement, is not binding in case the *full consideration* is not expressed, whether in money or value, for the demise, or the rent *bonâ fide* paid for the same; or if the rent reserved is less than the rack-rent, in consideration of repairs or improvements done, or to be done, by the lessee or assigns; or if the lease or agreement is made in any other respect with intent to conceal the annual value, or to diminish the estimate; or if the lease has been assigned to the tenant, or any former tenant, for any consideration in money or value agreed to be paid.

If, upon a demise for years, made in consideration of a rent reserved, and also in consideration of improvements to be made in the lands *at the cost of the tenant*, it be proved that the rent reserved has been settled on an estimate of the medium annual value computed for the whole term, *in expectation of the progressive improvement of the lands*, and is fixed at the same amount in each year on such average, whereby the said rent *exceeds the just annual value*

of the lands as the same were worth to be let at rack-rent at the commencement of the term; then the duty in respect of the property in the lands is to be computed and charged on the amount of the rent received for each year of assessment without variation; and the duty in respect of the occupation is to be charged on the full annual value, according to the rack-rent at which the lands are worth to be let by the year, to be ascertained by valuation at the commencement of the first year of assessment, in respect of demises made before the passing of the Act; and on demises made afterwards, at the commencement of each demise.

Where, however, by the lease or agreement, it appears that the premises have been let *within seven preceding years*, and contains no other consideration in money than the rent reserved, then the estimate may be made on that rent.

The three preceding clauses point out all the cases in which a lease or agreement is to be considered as the criterion of a letting at rack-rent. They may be summed up as follows:—First, it must be a letting *within seven years*; second, there must be no other consideration *in money than the rent reserved*; third, there must be no covenant *for repairs by the lessee*; fourth, the rent must not be less *in consideration of repairs done by the lessee*; fifth, it must express *the full consideration*; sixth, it must not have been *assigned for a valuable consideration*; seventh, there must be no fraudulent intention *to conceal the true value*.

These clauses show clearly what the Act means by rack-rent; and they serve not only as a guide for

making the estimate on recent leases, but also point out in what cases, and on what principles, the annual value or rack-rent is to be estimated, where there is no lease.

For an account of the deductions allowed in assessing properties under this rule, *vide* page 113.

For illustrative cases of appeals against assessments under Schedule A, *vide* page 191. For cases illustrative of assessments, *vide* page 131.

2. Rules for estimating the lands, tenements, hereditaments, and heritages, which are of a character that does not admit of their being charged according to the preceding general rule.

The annual value of all the properties hereinafter described, is to be understood to be *the full amount for one year, or the average amount for one year*, of the profits received therefrom, within the times respectively limited.

As the rent or annual value is an artificial rule by which the properties herein mentioned could not be estimated, and no motives of policy intervene, *the actual profits*, either annually or within a limited number of years, must be accounted for.

Profits are the sums remaining of the produce of the concerns, *after deducting the expenses* of those concerns, of whatever nature they may be, without allowing any other deductions.

Throughout the Income Tax Acts the object is to assess the *thing itself or concern*; the profits arising therefrom, either artificially or actually estimated, are the object of charge.

The receiver of the profits is the person charged, without any direct attention to the application of the profits on making the charge, but with auxiliary rules, directing the apportionment of the duty when the profits are distributed.

The properties to be estimated according to these rules are subdivided as follows:—

- 1st. Tithes.
- 2nd. Manors and other royalties.
- 3rd. Fines.
- 4th. Quarries of stone, &c., iron works, gas works, canals, &c., &c., &c.
- 5th. Railways, tolls, bridges, &c., &c., &c.
- 6th. Mines of coal, tin, lead, copper, &c., &c., &c.
- 7th. All other profits arising from lands, tenements, or hereditaments, not in the actual possession or occupation of the party, &c., &c., &c.

1st.—Tithes.

1. The annual value of all tithes taken in kind, *on an average of three preceding years.*

According to the definition of profits just mentioned it may be difficult, in some complicated cases, to ascertain the deductions to be made from the full value of tithes taken in kind. The expense of setting out, carrying from the field, stacking, threshing, and carrying to market, are certainly to be allowed in diminution of the full value of the tithes.

Where the concern is involved in other farming concerns, it may be difficult to apportion them. For this no rule can be established until the facts be ascertained. As general rules, the expense of a

farming establishment should be divided between the farm and the tithes. If the establishment serves also for private convenience, a part of it only can be apportioned for the tithes. In order to estimate the profits fairly, an exact account should be kept of the value of the corn, hay, straw, &c. Against this may be set off the actual expenses above stated.

In this and the following cases the amount received within the prescribed period, after deducting the attendant expenses, *will constitute the profit*; and when an average of years is to be taken, the whole amount within that period, divided by the prescribed number of years, supplies the estimate.

These cases apply only to parishes remaining titheable. Many parishes, and distinct estates in others, are from various causes free or discharged of tithes, where the value of the tithes is sunk in the rent, and no assessment is made upon them. Under several Acts of Parliament parishes are discharged of tithes on payment of a fixed rent, or a corn rent, or other rent, varying according to circumstances. In such cases the tax is not to be charged on the tithe owner, *but on the occupiers of the lands*, who will deduct their due proportion on payment of the rent, and they will come under the rule of tithe-free lands.

2. The annual value of all dues and money payments in right of the church or by endowment, or in lieu of tithes (not being tithes arising from lands), and of all teinds in Scotland *on the like average of three years*.

Under this head are classed all fees and offerings receivable by ecclesiastical persons and others as surplice fees, Easter offerings, &c.

If there are any dues of this nature, or other payments except for tithes, payable to lay impropriators, they are to be accounted for in a similar manner.

These rules apply only to the duties under Schedule A.

3. The annual value of all tithes arising from lands, if compounded for, and of all rents and other money payments in lieu of tithes arising from lands—*except rentcharges confirmed under the Act passed for the commutation of tithes*—on the amount of such composition, rent, or payment, *for one year preceding.*

To be charged on the person entitled to such tithes or payments, his lessee or tenant, or his or their agent or factor; except in the following case:—

For any *compositions, rents*, or other payments in lieu of tithes, if the Commissioners think fit, the assessment may be made on the occupiers of the lands from whence the tithes arise, or on the respective persons liable to the payment of such compositions, &c.

The manner of assessing tithe-free lands and tithes compounded for created considerable difficulties when the Income Tax was originally imposed.

Under the original Property Tax Act a deduction of one-eighth was allowed for all lands tithe-free, and the tenant compounding for his tithes was not charged at all, as it was considered that he derived little or no benefit. The tenant of tithe-free lands is considered, in the present Acts, as in the situation of compounding for the tenth part of the produce, by payment of rent, more than in proportion he pays

for the other nine parts of the produce. The value of the tithes of an arable farm, taken in kind, may be considered as equal to or greater than one-fourth of the rent; the whole produce of the one-tenth part being rendered in full, so as to leave the expenses of the cultivation to be answered by the other nine parts. Now if an arable farm will produce three rents, the tithe is worth three-tenth parts of the rent, and consequently the deduction of one-eighth is less than the just proportion. To remedy this inequality, a duty has been imposed on the tenant compounding for his tithe, which at present amounts to $2\frac{4}{7}d.$ in the pound. This will be found, on calculation, to bring both assessments nearly on a par, for there will only be an excess of a small sum on the former assessment, occasioned by the owner of the tithe exacting a greater rent than the owner of the land.

This, it is evident, equalizes the assessments as nearly as can be expected to be the effect of a general rule. They must necessarily vary, as the properties differ so widely in their tenure, but exactness to a fraction cannot be expected in such a case.

Where rents are paid in lieu of tithes, the occupier holds them distinct from the lands, and separate assessments are made; and where tithes are taken in kind, the tenant is discharged of all concern in the assessment thereon; so that the only rules which required to be reconciled were those concerning tithe-free lands, and tithes compounded for. This has, therefore, been accomplished as satisfactorily as the case would admit, by equalizing the tax on each.

The same observations will apply to the lessee and occupier of the tithes.

In cases where lands are subject to any rentcharge under the Tithe Commutation Act, or any other rentcharge in lieu of tithes, the Commissioners may, if they shall think fit, on a due return of such rentcharge being made by the owner, make the assessment upon him, under Schedule A., deducting the amount of the parochial rates, taxes, and assessments charged in respect thereof in the preceding year; and in such case the amount of the rentcharge is to be allowed as a deduction in the assessment of the lands, &c., on which the same is charged under the Act 16 & 17 Vict., c. 34, s. 32.

2nd.—Manors and other Royalties.

The annual value of manors and other royalties, including all dues and other services, or other casual profits—not being rents or annual payments reserved or charged—*on an average of seven preceding years.*

The casual profits of manors—such as fines on admission, or renewal, or alienation, or death of the lord or tenant, heriots, deodands, estrays, and other profits of the like nature—are chargeable under this rule, which includes all manors having copyhold or customary estates, as well as freehold manors, and embraces every profit payable by the custom of the manor—except rents and other annual payments—the assessment on which is included in the assessment on the tenant, and will be deducted on payment as on other rents.

With respect to fines, this is the only rule under which *those payable by custom* can be charged.

The fines mentioned in the following rule are fines on voluntary conveyances of lands by deed, and from which fines paid on the demise of lands demisable by custom are excepted.

The seven years average here to be taken may differ according to the periods when the profits accrue, as they will not necessarily accrue annually. If in the year 1855 a heriot value £700 was taken, and no other profit accrued in any other of the seven years, the average will be found by dividing that sum by $7=100$, which sum will be returned. If a fine was also received of £350 in 1854, then $1,050 \div 7 = 150$.

Profits of manors or royalties extending into different parishes, are to be charged where *the court of the manor or royalty is kept*.

Manors.—The duty is to be charged on the lord or lady, or person renting the same.

The owner or occupier, or receiver or receivers of the profits of manors or royalties, or any other annual or casual profits *not distrainable*, are answerable for the duties charged thereon, and the receiver may retain and deduct the same out of the profits; and in every such case the collector may distrain on these persons respectively.

3rd.—*Fines.*

The annual value of fines received in consideration of a demise or demises of lands or tenements—not being parcel of a manor or royalty demisable by custom—on the amount so received *within the preced-*

ing year; with a power in the Commissioners to discharge such part as shall be proved to their satisfaction to have been applied as productive capital, on which a profit has arisen or will arise, *otherwise chargeable for the same year*. This rule has led to considerable controversy. In the original Property Tax Act the receiver of the fine was to be charged in proportion to the duration of the estate granted, and the tenant was allowed a proportional deduction from his assessment. The Act of the 45th Geo. III. repealed that allowance, and established the above rule for assessing the receiver of the fine, which was confirmed by the 5th and 6th Vic., c. 35. Under the original Act the fine was considered as a *forehand rent*; it is now regarded as the consideration for the purchase of a future interest in the estate.

These estates are generally granted *for lives*, and are by usage considered as renewable on the dropping of a life by adding another life; or they are granted *for a term of years*, and renewed at stated periods during that term, by revoking the old and granting an enlarged term, although there is no covenant to enforce such renewals.

In either case this is a purchase of a further term by the transfer of a capital already possessed by the tenant, who becomes the sole owner of the estate for that term, subject to such annual rent as may have been reserved.

The tenant, on the purchase, is entitled to the whole profits for that term, except the rent, for which he is allowed, on payment, to retain the proportion of duty; but for the remainder he is to be

charged *as his own profits*, there being no other person entitled to them during the term.

Then it is said, if this be the case, why charge the receiver for the fine, *which is admitted to be capital*? In this, public policy interferes so far as to charge the party receiving the fine, for that part of it which he does not apply as productive capital.

For that so applied, he is to be discharged; for that used as income, he comes within the general principle of the Income Tax Acts, which profess to charge every source of profit, however arising.

In point of fact, fines constitute so large a portion of the income of ecclesiastical and collegiate bodies, and also of some individuals, that if this mode had not been adopted, the Act would have been defective, and the generality of the measure—in which consists its claim to equality and correctness—would have been seriously impaired.

This rule, and the preceding one relating to manors, &c., may, as far as regards fines, be considered together.'

The fines included in the latter are those which are taken on *voluntary grants of lands on renewals*, where there is neither custom nor prescription to warrant it, but where it arises on a contract between the lessor and lessee.

The former rule includes all fines received on the grant of any *copyhold or customary estate* where the lord is bound by the custom of the manor to renew; but it includes arbitrary as well as fixed fines, for arbitrary fines are restricted by the rules of law, and are bound by the custom; and all fines paid on a cus-

tomary renewal or admission to lands, parcel of a manor, are chargeable under that rule.

In the former rule, it will be observed, the value is to be ascertained *on an average of seven years*; in the latter rule, *on the amount received in the year preceding*. These distinctions are material.

Fines are to be assessed on the party by or on account of whom the fines have been received.

If the receiver has not been in possession of the property for one year, he may make his estimate for one year from the time when his *interest commenced*, in order to embrace such fines as might have been received in the course of one year.

The profits arising from all fines received by the same person, body politic or corporate, or company, may be assessed *in one account where the person resides who is liable to be assessed under the Act*.

4th.—Quarries of Stone, &c., Iron Works, Gas Works, Canals, &c., &c., &c.

The annual value of quarries of stone, slate, limestone, or chalk; of iron works, gas works, salt springs or works, alum mines or works, water works, streams of water, canals, inland navigations, docks, drains, and levels, *on the amount of profits in the preceding year*.

These profits accrue first from the soil, second as an hereditament.

The above, including mines of coal, tin, lead, copper, mundic, iron, and other mines, are those which arise *from the soil, or a dominion over the soil*.

These concerns are often carried on in a manner similar to concerns in trade, though, strictly speaking, they are not trading concerns, which consist in the buying and selling of the commodity dealt in.

The duty is imposed on the profit, the tax therefore applies only to those concerns *of which a profit is made*.

For example, quarries are frequently worked for private use, the materials being applied to the building or repairing of tenements belonging to the proprietor or his tenants; these are not liable, but those only which are worked for sale or profit are subject to the tax.

The profits of canals, inland navigations, or streams of water, drains or levels, are to be charged *in one account, in the city, town, or place, at or nearest to the place where the general accounts of the concern are made up*.

The profits of *quarries, mines, and works*, and other concerns from or arising out of lands, are to be charged on the persons and corporations carrying on the concern; or on their respective agents, treasurers, or other officers, having the direction or management, or being in receipt of the profits.

For cases illustrative of appeals against assessments on quarries, iron works, canals, &c., &c., *vide* chapter on Appeals.

5th.—Railways, Tolls, Bridges, &c.

The annual value of railways and other ways, turnpikes, and other tolls, fishings, rights of markets and fairs, bridges, ferries, and other concerns of the

like nature, from or arising out of lands, *on the profits of the year preceding.*

One effect of the division in the assessment of these properties from lands is, that they are not chargeable to the duties under Schedule B; that is, they are not liable to the duty in respect of the *occupation*, but in respect of the *property only*. The assessment is made on the persons carrying on the concern, who, after assessment, will be entitled to deduct a due proportion for any rent or share in the produce, payable or distributable to any others, whether to the owner of the soil by virtue of a reservation, or to a creditor by virtue of a contract. For these persons the company is agent; and, although on the whole the company should derive no profit from the concern, the company must be charged for the value of the shares they pay to others, and retain the duty thereon on payment.

The profits arising from roads or ways of a public nature,—excepting railways,—and belonging to or vested in any company of proprietors or trustees, whether corporate or not corporate, may be stated in *one account*, and charged in the city, town, or place, at or nearest the place where the general accounts of the concern are usually made up.

By a recent Act the profits of all railways are to be returned to the Special Commissioners, and assessed by them at their office in London. The profits may be stated in one account, and the return is to be made by the secretary or other proper officer—*vide* “Form of Return,” page 66.

For the duties assessed on the profits of markets,

or fairs, or on tolls, fisheries, or any other annual or casual profits not distrainable, the owner or occupier, or receiver or receivers, of the profits thereof, are answerable, and the receiver may retain and deduct the same out of the profits; and in every such case, the collector may distrain on such persons respectively.

It has been already stated, that the person in the actual possession of these concerns is the person to account for the duty. The assessment made involves the interest of every person concerned or entitled to any profit, whether by way of rent, interest, or otherwise. Whenever, therefore, any such payments are to be made the assessment must be in such an amount as to cover those payments. The person in possession is considered as the agent or receiver of those several persons, and is entitled to retain the duty out of all payments. If, after making these payments, there is an excess of profit, that must be also charged in the same assessment, and the tax upon that portion will fall on those who carry on the concern.

Railway, canal, and other companies, are not to be charged in respect of the annual value of their station-houses, warehouses, wharfs, reservoirs, &c., unless the Local Commissioners insist upon an assessment being made thereon in their respective districts. If, however, assessments of this description be made, the companies are allowed to deduct the amount from their general return of profits. Such deduction must, nevertheless, be limited to land, buildings, &c., being *the property of the companies*, and from which no income or benefit is derived beyond the general profits of the concern. No deduction can be allowed

in respect of any land, &c., which may be cultivated or let, or of any buildings erected for the reception of goods, and where charges are made for their custody, *independent of the profits of the companies.*

- Officers of railway and other companies, &c., who are provided by the companies with houses for their residence *rent free*, are liable to be assessed under the general rule of Schedule A, *as beneficial occupiers.* In estimating their incomes with reference to claims of exemption or abatement of duty, the annual value of their residences, as assessed under that schedule, must, of course, be estimated as part of their incomes.

For cases illustrative of appeals against assessments on turnpike tolls, tolls of bridges, locks, and fisheries—*vide* chapter on Appeals.

6th.—Mines of Coal, Tin, Lead, Copper, &c.

The annual value of mines of coal, tin, lead, copper, mundic, iron, and other mines, *on an average of five years*, subject to the following provisions:—

The duty is to be charged on the persons, corporations, companies, or societies of persons, whether corporate or not corporate, carrying on the concern; or on their respective agents, treasurers, pursers, or other officers having the direction or management, or being in the receipt of the profits.

The duty is to be charged on the amount of the *produce or value*; and before *paying, rendering, or distributing the produce or the value*, either between the different persons or members of the corporation, company, or society, engaged in the concern, or to the owner of the soil or property, or to any creditor,

or other person whatever, having a claim on or out of the profits.

The charge is to be made on the *profits*, exclusively of any lands used or occupied in or about the concern.

The computation of duty arising in respect of a mine is to be stated jointly in one sum.

If any adventurer shall declare his proportion or share in the concern, *then he may be charged separately*; and he may deduct from his profits, acquired in one or more of such concerns, his loss sustained in any other concerns, *provided that loss shall have been duly proved and does not exceed the proportion* of such adventurer, as proved and allowed by the Commissioners.

One assessment only is to be made on the balance of profit and loss of the adventurer so separating his account, *in the place where he shall be chargeable to the greatest amount*.

The amount of each person's share, so proved and allowed, shall be deducted from the general assessment of the company, or companies, in which he is a shareholder; and the Commissioners are to cause the assessments on the companies to be rectified.

The loss and the proportion of each adventurer is to be proved by the certificate of the Commissioners *making the assessment*.

Mines which have from some unavoidable cause been decreased, and are decreasing in the annual value, may be charged in the *profits of the preceding year*; and if they have wholly failed, the assessment may be discharged.

Mines are to be charged where situate, or where the produce is manufactured.

For cases illustrative of appeals against assessments on mines, collieries, &c., *vide* chapter on Appeals.

7th.—All other Profits arising from Lands, Tenements, or Hereditaments, not in the actual occupation of the party to be charged, and not before enumerated.

The annual value of all other profits arising from lands, tenements, or hereditaments, *not in the actual possession or occupation* of the party to be charged, and not before enumerated, on a fair and just average of such number of years as the Commissioners, on the statement of the party to be charged, consider to be a fair and reasonable assessment.

Such profits as are liable to deduction are, of course, excepted.

This general clause is intended to include *all profits arising from lands not before charged*. It considers all property in actual occupation as before charged. It also considers all property before enumerated as already charged, and all property liable to deduction is excepted.

Of those not in actual occupation may be classed timber growing on lands demised to a tenant, and *excepted from the demise*; and any other profit arising out of lands demised and *excepted out of the demise*. Such profits are assessable *when they arise*, not annually, but at the respective periods when the property has been *converted into profit*.

So, also, timber or underwood, growing on a com-

mon or waste not being in the exclusive occupation of any particular individual, which timber or underwood, by the custom of the manor or place, may be cut down by particular tenants, or by the lord, not as appurtenant to any lands brought into charge, but as personal rights. Where they are appurtenant, the profits should be assessed with the principal property.

Bricks and tiles may also, in some cases, *when not carried on as a trade*, be classed under this rule, but in general cases they will more properly become chargeable under Schedule D, either as a *trade* under the first case, or under the sixth case as *general profits*; for though the soil or earth forms a principal ingredient, it is so altered by the process of manufacture, that it cannot, in all cases, be considered as a profit arising from lands.

The average to be taken, as regards the profits now under consideration, must be determined by the special nature of the profits in each case.

It is to be a fair and just average, to be taken and stated by the party, subject to correction by the Commissioners.

The case of timber, where the assessment is to be made on the profits, and not on the annual value of the lands, offers, perhaps, the greatest difficulty. In that case the profits may have been accumulating for centuries. If the full value were to be taken, it would, in some measure, be a charge on the inheritance. There would be no allowance for the original cost of planting; for the occupation of the ground during its growth; and the loss of profit thus incurred. It is conceived, therefore, that the fair aver-

age meant to be allowed in that case, is *an average taken from the age of the timber*, or the quantity that may be cut down within a given period. The object of these remarks is to show that it is not within the meaning of the Act to raise a revenue from a property accumulating in value for years, and which can only be once received, unless on the whole property together a certain annual return can be obtained. There are many instances where an annual income is raised from wood of this description. Those should be assessed on a moderate scale. Occasional advantages—such, indeed, as may never return—should be treated in a liberal manner. That which a person derives from the sufferance of his predecessors, cannot be considered as an *annual* profit, neither can that which is only occasional be so considered.

THE DEDUCTIONS WHICH MAY BE CLAIMED UNDER
THE VARIOUS ACTS OF PARLIAMENT BEFORE THE
ASSESSMENT IS MADE.

The different Acts of Parliament authorize the allowance of certain deductions, but in all cases where such deductions are admissible before the assessments are made, it is essential that they should be duly claimed at the time of making the return. The notice papers issued by the Board of Inland Revenue, contain proper columns for the insertion of these claims. The Assessors make their assessments from these notice papers when they are filled up, and they can only enter such deductions as they then find to be actually claimed. The Commissioners are restricted in regard to deductions to the extent of the

claims thus made, but they may examine into the amount to disallow those which are found to be improper.

It is found convenient to classify these deductions under three separate heads:—

1st.—General Deductions.

2nd.—Particular Deductions.

3rd.—Other Allowances.

1st.—General Deductions allowed.

1. The amount charged by the Land Tax Act on the same premises, where the charge shall not have been redeemed.

2. The amount charged by a public rate or assessment in respect of draining, fencing, or embanking.

3. The amount of the tithe commutation rentcharge, charged upon lands, &c., the owner of which rentcharge may have been assessed under Schedule A.

4. The amount expended by the landlord or owner, on an average of the twenty-one preceding years, on the making or repairing of sea walls or other embankments, although not charged by any public rate or assessment.

In all these cases, *unless the amount is paid by a tenant*, it is to be allowed as a deduction from the assessment made on the property.

It is expressly provided that no deduction shall be allowed in any case not authorized by the Acts, nor unless an account in writing, under the proper head in the return paper, signed by the occupier or person claiming the deduction, stating the nature and

amount, is delivered to the Assessor within the proper time.

It is also further provided, that if any deduction is made contrary to the Acts, or without such account in writing, the Surveyor or Inspector may surcharge the assessment; and charge therein a sum equal to the amount of duty by which the assessment was diminished by reason of the deduction; which surcharge cannot be annulled, but must stand part of the assessment.

2nd.—Particular Deductions allowed.

1. *To ecclesiastical persons.*—1. The tenths, first-fruits, duties and fees of presentations *paid in the preceding year.*

2. Procurations and synodals *on an average of seven preceding years.*

3. For the sum expended in the repairs of collegiate churches and chapels, and chancels of churches, or of colleges or halls, *in the year preceding that in which the assessment is made.*

4. For the parochial rates, taxes, and assessments charged in respect of any rentcharge, confirmed under the Act for the commutation of tithes, *on the amount paid in the year in which the assessment shall be made.*

The allowances in the 2nd or 3rd case may be granted in one sum, either by deducting the same from the assessment (if any) upon the party, or by certificate.

No abatement or deduction is to be made from

any assessment, for the allowances granted in any of the cases mentioned in this rule in respect of any such charges or payments out of any rentcharge confirmed under the Act for the commutation of tithes, unless the assessment in respect of the rentcharge is made directly upon the owner. When this is the case, the allowance, as regards the *parochial rates, taxes, and assessments*, is to be made by deduction.

When not assessed upon the owner, the allowances are to be claimed upon the Form No. 71—(*vide* Chapter XXII.)

With respect to first-fruits, duties, and fees of presentations, it is to be observed, that as such payments occur only in the year of presentation, the deduction can only be allowed for one year, viz., the year succeeding that in which the payments are made. The duty paid should be recovered by means of the claim No. 71 above referred to.

The person entitled to any of these allowances which are directed or authorized to be made by certificate, and which shall not be granted by deduction or abatement from the assessment, may claim the allowance at any time after the expiration of the year of assessment before the Commissioners for General Purposes in the district in which the property shall be situated.

No claim can be made for more than three years' duty.

3rd.—Other Allowances.

1. For the public buildings and offices belonging to any college or hall in any of the universities, and

not occupied by any individual member thereof, or by any person paying rent for the same.

2. For the repairs of such public buildings and offices, and the gardens, walks, and grounds for recreation repaired and maintained by the funds of any college or hall.

3. For the public buildings, offices, and premises belonging to any hospital, public school, or almshouse, and *not occupied* by any individual officer, or the master thereof, whose entire income, however arising, *amounts to or exceeds £100 per annum*, or by any person paying rent for the same.

4. For the repairs of such hospital, &c., and offices, and of the gardens, walks, and grounds, for the sustenance or recreation of the hospitallers, scholars, and almsmen, repaired and maintained out of the funds of such hospitals, &c.

5. Any building, the property of any literary or scientific institution, used solely for the purposes of such institution, and in which no payment is made for instruction by lectures or otherwise, provided the same be not occupied by any officer thereof, or by any person paying rent for the same.

All the allowances just enumerated are to be granted by the Commissioners for General Purposes.

6. For the rents and profits of lands, tenements, hereditaments, or heritages belonging to any hospital, public school, or almshouse, or vested in trustees for charitable purposes.

7. For tolls called customs levied in any burgh in Scotland, under the authority of any Act or charter, and expended for public purposes.

The allowances referred to in the sixth case are to be granted on proof before the Commissioners for Special Purposes, of the due application of the said rents and profits to charitable purposes.

The allowances are to be claimed and proved by any steward, agent, or factor, acting for such hospital, &c., or other trust for charitable purposes, or by any trustee of the same by affidavit before any Commissioner for executing the Act in the district where such person shall reside, and to be carried into effect without vacating, altering, or impeaching the assessments on such properties.

The allowances are to be certified by the Commissioners for Special Purposes, together with an order for payment directed to the Receiver-General of Inland Revenue, or other officer residing in the vicinity of the claimants.—(*Vide* Chapter XXI.)

UPON WHOM THE DUTIES OUGHT TO BE CHARGED.

The duties are to be charged on, and paid by, the *occupier for the time being*, his executors, administrators, or assigns.

The person *having the use of any lands* is to be considered the *occupier for the time being*.

The duties on each assessment are to be levied *on the occupiers for the time being*, without any new assessment, notwithstanding *any change in the occupation thereof*.

An occupier is the person in *actual possession* of the property, so far as the property is capable of occupation, and in such manner as to have the power

of excluding any other — as a *householder, of his house—a farmer, of his land, &c.*

The occupation may continue, although a *permissive right of enjoyment* may be given to another, provided he retain a power over it during all the time of enjoyment—as *if a master permit his servant to occupy a detached office or lodge belonging to his dwelling-house.*

In law a rector or his lessee compounding for tithes, continues the occupier of the tithes, notwithstanding they are taken by another, who has the use of them.

The receipts of the profits arising from a property not capable of actual possession—as from incorporeal hereditaments, such as tolls, &c., constitute occupancy,

The occupier for the time being, as speaking of the person *to be charged*, is the occupier *at the time of making the assessment*, meaning the time when the assessment ought to have been made; namely, at the commencement of the year of assessment.

The occupier for the time being, as speaking of the person on whom the duties *may be levied*, is the person occupying at the time *the duties become payable*, and on whom the Act directs the duties to be levied, without making a new assessment, although the former occupier has been charged.

Illustrative Cases.

CASE 1.—The treasurer of a society takes the lease of a house, and, in accordance with its rules, places in it certain objects supported by the society under a matron, to superintend them. The treasurer is

chargeable on the rent paid, and, on payment, the tax will be deducted. The matron is merely a servant, and the treasurer, in whom the lease is vested, does not part with the occupancy.

CASE 2.—A gentleman places in a house of his own, certain objects of his voluntary bounty, under the superintendence of a servant. He is chargeable *as the occupier*, not having relinquished the occupancy; and though the building is used for charitable purposes, he cannot be relieved, *the establishment being voluntary*.

CASE 3.—A person rents two farms in two parishes, each having a farm-house; in one of which he places a labourer or bailiff. He continues *the occupier*, and cannot be allowed a deduction for the value of the house, from the rent of the farm.

CASE 4.—A person occupies a farm, and hires a house, independent of the farm, for the residence of his steward, to whom he allows board wages. For the purposes of the Act he is regarded as the occupier—and not the steward.

Partners.—Partners in the occupation of lands are not to be charged separately, unless personally labouring therein, or in the management; nor in any case where lands are let or underlet without relinquishing the possession by the lessor, or where the lessees shall not be *exclusively* in possession.

In all cases of joint occupation, the annual value of the whole of the lands occupied are to be estimated under precisely the same rule as if the lands were occupied by *one person only*, and the gross assessment must be made on that amount.

If, however, the joint occupiers *bonâ fide* share the profits, and the share of each, as estimated, be under £100 or £150 per annum, they are entitled to be separately assessed, on making their claim to abatement or exemption, and declaring their proportions.

But to avoid fraud, if a lessee underlet to another without relinquishing the possession—or if the nominal lessees are not in possession, or share the possession with another, not in the same lease—the farm is to be assessed in *the full value jointly on both*, at the same rate of duty as either of them, if occupying it singly, would be liable to be assessed.

Every tenant, on quitting the occupation, is liable to the arrears at the time of so quitting, and for such further portion of time as shall then have elapsed, to be settled and levied by the Commissioners, and repaid to the occupiers by whom the duties shall have been paid.

No levy, however, can be made upon any occupier for arrears of duty under Schedules A or B, which ought to have been levied upon any previous occupier.

Every tenant quitting before the time of making the assessment is liable for such portion of the year as shall have elapsed at the time of his so quitting, to be adjusted and settled by the Commissioners.

CASE 1.—The occupier of a farm on 5th April, 1862, quits at Michaelmas, when it is let at an increased rent. If A on 5th April, 1862, was liable to be assessed on the rent he paid, that rent binds the assessment of the year, *although the assessment may not be made before Michaelmas*. The tenant for the time being, that is, when the assessment *ought* to

have been made, should be *charged*. The present tenant, then the tenant for the time being, *will be bound to discharge the payment*, if A does not pay, and A will pay his share to the tenant, to be apportioned by the Commissioners.

The executors or administrators of any tenant who may die before the payment of duty on any assessment, are liable in the same manner as the testator or intestate would have been if living.

In case of lands or tenements occupied by the owner at the time of making the assessment, who may die before payment of the duty, the heirs, executors, administrators, or assigns, or other person who, on his death, may become entitled to the rents and profits, are liable to the payment of all arrears of the duty due at the time of the death, and to all subsequent instalments for that year, according to their respective interests, *without any new assessment*.

If no distress be found on the lands assessed at the time the duties become payable, the collectors may, *at any time after*, enter upon the lands and distrain for the duties under Schedule A.

The assessment in respect of all lands and tenements *not let for the period of one year*, is to be made on the landlord; but so as not to impeach the remedy of recovery of the duty from the occupier in default of payment by the landlord.

The landlord may be charged for dwelling-houses which, with the building or offices belonging thereto, and the land occupied therewith, *are under the annual value of £10*.

CASE 1.—A person is charged for various cottages, his property, each being under £10 per annum, which he refuses to pay. The Commissioners may, by their warrant, *levy on his goods within their jurisdiction*, giving the warrant to the proper collector. Out of their jurisdiction the amount should be certified to the proper Commissioners, *or they may levy on the occupiers the proportion payable by each*.

Any house or tenement occupied by any accredited minister from any foreign prince or state is to be charged on, and paid by, the landlord or person immediately entitled to the rent.

The duty in respect of any house or apartment belonging to her Majesty, in the occupation of any officer, *in right of his office or otherwise* (except apartments in the royal palaces), is to be charged on, and paid by, the occupier, and to be assessed according to the annual value.

When any house shall be divided into distinct properties, and occupied by distinct owners or their tenants, the properties are to be charged distinctly *on the respective occupiers*.

Any house let in different apartments, and occupied by two or more persons severally, is to be charged as *one entire house, and assessed on the landlord*; but the duty may, in default of payment by him, be levied on the occupiers.

All lands or tenements, *whether occupied or not*, are assessable. As regards *lands*, distress may be taken *at any time afterwards*; but the assessment on houses is to be discharged for such time as they remain unoccupied.

3.—*In what Place the Duties are to be charged.*

All properties chargeable to the duties under Schedule A are to be assessed in the parish or place where they are situated, and not elsewhere.

Where any doubt may arise as to the district, &c., in which any person, &c., ought to be charged, or if any person, &c., should be charged in two or more districts, the Commissioners of Inland Revenue *may direct where such parties* are to be charged and assessed.

All the lands occupied by the same person or persons are to be brought into every account required to be delivered by such person or persons, whether the lands be occupied as owner or tenant, or as tenant under distinct owners, or whether they be situate in the same or in different parishes or districts; but the assessment is to be made in each parish or district in proportion to the value of the property situate therein. The occupier is to deliver an account of the proportion in each parish wherein any part of the lands is situate, and a separate estimate is to be given of lands in the same occupation belonging to distinct owners.

If any occupier of lands situate in different parishes or places wilfully omits to deliver an account of the lands so occupied in each parish or place, although such occupier may not reside in one or more such parishes or places, every such occupier is to be charged for the lands so omitted at treble the rate of duty, in addition to the penalty imposed by the Acts.

Though it is requisite that all lands occupied by the same person are to be brought into one account, it must be understood to mean only such lands as are immediately contiguous, or are held together as one farm. It is not to be inferred that a gentleman holding lands in two counties where he has mansions, should bring the whole into one account. The intention of the Act is, that the whole of the farm held by the same person is to be brought into the same account.

Illustrative Cases.

CASE 1.—A gentleman has a mansion in Yorkshire, to which are annexed a park and large farm; he has also another mansion in Devonshire, to which a park and farm are, likewise, annexed. In cases of this description the mansions, with the parks and farms, are to be assessed in the counties where they are respectively situate.

CASE 2.—A person rents a farm in the parish of D, which has always been tenanted as a distinct farm. He also rents another farm in the parish of C, twenty miles distant from the former. Each farm has a house and entire farm-buildings fit for separate occupation. In this case the farms are to be *separately assessed* in the respective parishes.

CASE 3.—A person holds a farm in the parish of B, belonging to which there are twenty acres situate in the parish of C, which have been held immemorially together,—being the property of the same person,—under one rent. The tenant, who resides in the parish of B, has received a notice to deliver an account of his lands, and he, considering the jurisdiction of

the Assessor to be confined to that parish, values only the land there situate, and omits to include the value of the lands in C, in which parish he has received no notice, nor has any been left on the lands. The Surveyor of Taxes for the district discovers the omission, and brings the lands into charge in the parish of B, the proportion of the value in each parish not being ascertained. The Commissioners confirm the charge in *treble duty*, and *fine the Assessor of C for his neglect*.

CASE 4.—A person holds a farm, part of it being in the parish of B—in the hundred of C, where he resides—and part of it in D, in the hundred of E—for which hundreds different Commissioners act. The tenant makes no return in the parish of D, and in B returns only the lands situate in that parish. The Surveyor of Taxes informs the Commissioners acting for the parish of B of the omission, and they assess the lands in D *in treble duty*. To avoid this assessment, the tenant, subsequently, makes a return in D, and the Commissioners assess him in single duty. On reference to the Commissioners of Inland Revenue, it is decided that the first *assessment* in the parish of B—*being legally made under the powers of the Act*—inasmuch as from the want of return in D, there was no apportionment of the value—that assessment *must stand*, and consequently the assessment in D *must be discharged*.

CASE 5.—A person rents a farm in the parish of B, at £120 rent, and another of a different landlord in the parish of C, at £70 rent. These farms are to be separately assessed in the respective parishes, but a

return of the whole is to be made in each parish, and the assessment is to be apportioned by the Commissioners.

CASE 6.—A person who is owner and occupier of a farm in B, has added by a recent purchase twenty acres in C, and now holds the whole as one farm. The annual value in B is £200, and in C £25. The assessments should be made in those proportions in each parish.

It is to be observed, however, that lands held under the same demise, or in the occupation of the same person as owner—although situate in *different parishes*—may be charged in *either* parish at the discretion of the Commissioners, if they shall be satisfied that the proportion in each parish—either in respect of quantity, rent, or value, cannot be ascertained—in case the whole of the said lands are situate in the same district.

If the lands extend into *different districts of Commissioners*, then the assessment is to be made in that district *where the occupier resides*.

By this mode of assessment the 36th section of 43 Geo. III., c. 99—which directs the assessment to be made for a whole parish, lying in different divisions, where the church of the parish stands—is rendered inapplicable so far as regards *lands*.

The object of the Income Tax Act is to assess all lands in their *proper counties and districts*.

The particular object of the Act above referred to is to prevent the division of a house, but the division of lands is not so material, and therefore the lands—where the proportion is known—are to be assessed in

the parish or place where they are situate, *although the church of the parish may be in another hundred or county.*

**SCHEDULE B.—ASSESSMENT MADE UPON ANY OCCUPIER OF LAND,
WHETHER OWNER OR TENANT.**

The duties under Schedule B are to be charged in addition to the duties under Schedule A, on all the properties described at page 81, in treating of the assessment under that Schedule.

They consist of all those which are in occupation, or are of a nature capable of being exclusively occupied, and, therefore, include houses and buildings, lands—whether beneficially occupied or not, and without regard to the manner of cultivation,—gardens, pleasure-grounds, woodlands, underwoods, forests, chases, parks, warrens, all of which admit of a valuation by an annual rent, according to the quality of the lands—as well as farms or such lands as are more usually let.

No duty, however, is chargeable, under Schedule B, in respect of the *occupation* of a dwelling-house with the domestic offices—except dwelling-houses let with farms—or in respect of warehouses or other buildings occupied for the purposes of trade.

Farm-houses *let with a farm* are supposed not to enhance the value of the farm; they are generally considered as necessary appendages, to be provided and repaired by the landlord in all cases of tenancy at rack-rent.

No exemption is therefore allowed *for any part of the rent* payable for the farm.

But houses inhabited *by the owner of the farm* for the purpose of farming the lands, are within the exemption, and the *lands only* are to be estimated to the occupier's duty; a separate value, therefore, should be put on the house and the land, for both are assessable under Schedule A.

Where a tenant has covenanted to pay any aids, taxes, rates, or assessments, *by law chargeable on or payable by the landlord*, then the amount thereof, *bonâ fide* paid in and for the preceding year, is to be added to the rent or annual value, in making the estimate for the purpose of charging the duty in respect of occupation.

The taxes coming under the description of aids, are the land tax, taxes for draining and embanking,—a portion of which, if not the whole, is thrown on the landlord. If the tenant should covenant to pay these, he admits the rent reserved *not to be the full rack-rent*.

To avoid going on the value, as the profit to the landlord is fully ascertained, the Acts direct the amount to be added to the assessment under Schedule B, without varying the amount under Schedule A.

The same mode is to be pursued when the annual value is to be ascertained. Thus, if the lands are not let, the amount of the annual value under Schedule A should be the rack-rent, *subject to a deduction of the land tax and draining tax*; and the amount under Schedule B should be the amount of rack-rent without the deduction, which is the same thing as adding the payments to the rack-rent.

So in every case of tenancy, where the annual value and not the rent forms the criterion. Where the tenant covenants to repair, *which is a burden incidental to the property*, the tenancy cannot be considered as at rack-rent, but the assessment must be made at the annual value.

The profits arising from lands occupied as nurseries or gardens for the sale of the produce, are to be estimated according to the rules in Schedule D, and the duty charged at the rate contained in that Schedule.

When the duty has been thus ascertained, it is to be charged under Schedule B, as profits arising from the occupation of lands.

Lands occupied for the growth of hops were formerly estimated in a similar manner, but they are now to be assessed as other lands under Schedule B.

In all cases where lands are subject to a rentcharge in lieu of tithes, under the Act passed for the commutation of tithes, and in all other cases where lands in England are not subject to tithes, or to any modus or composition real in lieu thereof, a sum not exceeding one-eighth is to be deducted from the assessment, before charging the duty under Schedule B.

As by the commutation of the tithes into a rentcharge the lands are in effect tithe-free as respects the *occupation*, the assessment is to be made on the full annual value of the lands, deducting one-eighth from the duty chargeable under Schedule B.

For example, supposing a tenant to occupy a farm,

for which he pays a rack-rent of £600 to his landlord, who pays a rentcharge on the same farm of £120, the assessment will be as follows:—

On £600, the amount of rent to be assessed under Schedule A, at 9d. in the pound,*	£	s.	d.	£	s.	d.
				22	10	0
Rent to be assessed under Schedule B on the occupier, at 4½d. in the pound,*	11	5	0			
Deduct one-eighth part of such duty,	1	8	1			
	<hr/>			9	16	11
				<hr/>		
				32	6	11

The tenant will, in the first instance, pay the whole duty of £32 6s. 11d., but when he pays his rent he will deduct 9d.* in the pound from his landlord, amounting to £22 10s., and the landlord will, in like manner, deduct 9d.* in the pound from the owner of the rentcharge. The remaining duty falls upon the tenant, in respect of the occupation.

Where the rent reserved to the landlord is exclusive of the rentcharge, and the tenants pay it to the tithe owner, *the rentcharge must be added to the rent*, and the aggregate will be the annual value of the farm to be assessed under Schedule A. The assessment under Schedule B will also be on such aggregate amount, but the tenant will be entitled to a deduction of one-eighth from the duty on such assessment.

In cases of this nature, however, the tenant, when

* The rate of duty 1862-3.

he pays his rent, will deduct from the landlord 9d.* in the pound on the rent reserved only, and when he pays the rentcharge to the titheowner, he will also deduct 9d.* in the pound; thus retaining from the landlord and the titheowner the whole amount of the assessment paid by him under Schedule A.

Where the tithes have been commuted under the Act above referred to, no *separate* assessment is to be made in respect of the tithe commutation rentcharge on the person entitled thereto, *unless he shall make a return for that purpose*, pursuant to the 32nd section of the Act 16 & 17 Vic., c. 34, but he will pay the duty through the owner of the land by way of deduction.

For cases illustrative of appeals against assessments under Schedule B, *vide* chapter on Appeals.

ILLUSTRATIVE CASES—SCHEDULES A AND B.

WITH a view of elucidating such provisions of the Act as appear most likely to occasion difficulty or misapprehension, a number of cases are added, each illustrating, for the most part, some one distinct and special point. This information has been conveyed in the form of "*Cases of Appeal*," wherever it could conveniently be done, and the reader is therefore referred to the chapter upon that subject for explanation upon many points which are not here adverted to.

* The rate of duty 1862-3.

Land in the
occupation
of Owner—
*how esti-
mated.*

CASE 1.—Of the owner and occupier of a farm. The Assessor applies for instructions how to make the assessment. He is informed that the farm is to be assessed in the highest sum which he estimates it is worth to be let by the year to a tenant, each person bearing his proper charges: that is to say, the tenant paying the parochial rates, and tithes (if any); and the owner, the land tax, &c., which is what the Act intends by directing the *value to be taken exclusive of parochial taxes.*

Cottages,
&c., assess-
ed on the
Owner.

CASE 2.—Of the owner and occupier of a mansion-house and land, valued respectively at £250 and £350; the same person is also owner of fifteen cottages in the same parish, let to tenants at 60s. each. The Assessor, for convenience, assesses the whole on the owner—

Assessment, { Schedule A, House and Cottages, £295.
 " Lands, £350.
 { Schedule B, £350.

Rack Rent.

CASE 3.—Of the tenant of a farm of which he has been in possession three years, let from year to year, at a rent of £300, subject to a tithe-rentcharge of £70. He pays all parochial taxes, the land tax being redeemed and the landlord doing all repairs, and returns the annual value of the farm at £300. The Assessor estimates it at that value.

Assessment, { Schedule A, £300.
 { Schedule B, £370.

In this case the tenant deducts from his landlord the whole of the duty under Schedule A, on payment of the rent, and the residue falls upon himself in respect of the occupation.

The tithe rent charge is not assessed with

the rent under Schedule A, because the rector, who is the owner of the tithes, makes a return of the whole amount thereof in the parish and pays the duty. In this and in every other case it is, however, added to the rent under Schedule B, as it forms in fact an *additional rent* for the land.

CASE 4.—The rent of a farm was increased after the commencement of the year of assessment, but before the assessment was made. The valuation put on the farm by the assessors was on the former rent at which it had been assessed in previous years. The Commissioners decided that in cases where properties are let, and consequently rent is the criterion, *the rent payable at the commencement of the year should be taken.*

Assessment on the rent at the beginning of the year.

CASE 5.—Of a person who rents a house and shop; attached to it are various workshops and warehouses used wholly in trade, together with 10 acres of land valued at 15*l.* per annum. The whole is let at rack-rent for £100.

A small quantity of land held with warehouses, &c.

Assessment, { Schedule A, £100.
Schedule B, £15.

CASE 6.—A person who rents a house and garden at 50*l.* per annum; *the garden is worth 5*l.* per annum.*

Garden assessable under Schedule B.

Assessment, { Schedule A, £50.
Schedule B, £5.

CASE 7.—A person purchased a piece of land, part of which he has converted into a garden. He is building a house (not occupied) on the remainder. The land remains assessable on the annual value *under both schedules*, but that built upon is assessable under Schedule A only.

Land partly built upon.

Nursery
land—how
charged.

CASE 8.—Of a person who rents 20 acres of land at £7 per acre, which he converted into a nursery three years since, and he returns the profits—first year £15, second £35, fourth £65.

Assessment, { Schedule A, £140.
 { Schedule B, £38 6s. 8d. (at 9d.* in the £).

This being a charge on the profits, the full duty of *nine pence** in the pound is chargeable; for the rule applicable to this particular assessment means that the *actual profits shall be taken to be the income*, instead of one-half of the annual value.

Ditto.

CASE 9.—Of a person who rents 20 acres of land at £7 per acre, being a nursery in full produce. He returns his profits at £20 per acre each year.

Assessment, { Schedule A, £140.
 { Schedule B, £400 (at 9d. in the £).*

Property of
Minors how
assessed.

CASE 10.—A gentleman dying, leaves three children who are minors, and by the will of their father they are entitled to certain estates as joint tenants, and to the profits of trade as partners, and to the benefit arising from the occupation of a farm, the whole being under the management of a guardian.

The estates let are to be *charged on the tenants*.

The farm occupied is to be charged *on the guardian*, under Schedules A and B, as well as the profits of trade under Schedule D.

Tenant re-
imbursed
by landlord
for improv-
ing land.

CASE 11.—Of a tenant who agrees with his landlord to pay a rent of £400 *and to expend* £60 a year in claying the land, and claims the amount as a deduction. The deduction is disallowed, the money being expended in such a

* The rate of duty 1862-3.

manner as to effect a lasting improvement for the benefit of the inheritance, and forms no part of a tenant's burthen,—the expenditure being, in fact, considered in the light of so much additional rent.

Assessment. { Schedule A, £460.
 { Schedule B, £460.

The tenant can deduct from the rent no more than the duty on £400.

CASE 12.—In making up the account of the annual value of land occupied by the owner, the question is, what is the annual rack-rent which it is worth to be let to a tenant, he paying all parochial taxes? To ascertain this, the same course should be adopted as when an actual letting is to take place. What is the land capable of producing?—say £600 on average; what expense must be incurred annually in the cultivation?—say £200. Then divide the remainder in equal moieties, and the rent will be £200. At such a rent the profit of the occupation, as estimated under the Act, will be £100. The owner's profit will then be £300; that is, £200 as owner, £100 as occupier. He will be charged under Schedule A, £7 10s.; and under Schedule B, £3 15s.,—£11 5s., which is *nine pence** in the pound on his income.

Value of land occupied by the owner estimated by its quality.

CASE 13.—A person who sells a quantity of wood, to be paid for by instalments, viz., £1,000 in the year of sale, £200 in the next year, and £2,000 in the following year. The Assessor feeling at a loss what course to pursue in such a case, applies for instructions to the Surveyor of Taxes for the District, when he is informed

Woodland, where wood is cut down and sold—how to be assessed.

* The rate of duty 1862–3.

that the assessment is to be made each year on the amount *the lands would let for to a tenant for the purposes of ordinary cultivation.*

The general rule applies to all lands, without regard to the mode of cultivation, and charges the duty on the average value, on the supposition that the owner or occupier will turn it to the best advantage.

N.B.—When woodland is in the occupation of the proprietor he should be assessed under Schedules A and B on the estimated *annual value thereof as if the land were cleared and in cultivation.*

When not in the occupation of the proprietor, but of a tenant, the latter should be assessed under Schedules A and B, and the *proprietor* is also to be assessed under Schedule A, No. 2, Rule 6, for the *profits of timber felled*, on a fair and just average of such number of years as the Commissioners shall judge proper.

CASES ILLUSTRATIVE OF ASSESSMENTS ON TURNPIKE TOLLS, TOLLS OF BRIDGES, LOCKS, AND FISHERIES.

1. Turnpike Tolls.

Tolls in the hands of the Trustees.

CASE 14.—The tolls of a turnpike are taken by a Collector appointed by Trustees, and accounted for with the Treasurer. In the preceding year they amounted to £8,000, and the expenses to £4,500—

Assessment—To be made on the *Treasurer* in the sum of £3,500—the balance after deducting the expenses.

CASE 15.—In another case the tolls are let on lease for £650—the receipts are £2,000—the expenses of repairs *paid by the lessee* are £1,200—

Tolls let on lease—expenses of repairs, &c., paid by lessee.

Assessment—To be on the *lessee* in the sum of £800.

N.B.—The lessee can deduct the duty on £650—the balance on £150 falls upon himself, being his profit.

CASE 16.—In another case the tolls are let for £650, the expenses paid by the Trustees are £650, and the receipts £800. The lessee will be charged on £150, no part of which he can deduct.

Similar, excepting that the repairs are borne by the Trustees.

N.B.—In making up the account of profits arising from tolls, all sums *expended in repairs* are to be deducted.

The profits of a turnpike under the management of the Trustees are chargeable *on the Treasurer or other officer* in receipt of the tolls—the toll-gatherer being their servant, who is only chargeable for his salary—but the profits of tolls let are chargeable on the lessee.

2. Tolls of Bridges—Locks.

CASE 17.—The tolls of a bridge are let at £400. The lessee's receipts are £556. The lessor expends £160 in repairs—

Tolls to lessee—repairs borne by the lessor.

Assessment—To be made on the lessee on £396—the balance of the receipts after allowing for repairs.

N.B.—The lessee deducts the duty on £240—the balance falls on himself in respect of his profit, which amounts to £150.

CASE 18.—A duty is raised by virtue of an Act of Parliament on the tonnage of shipping in the harbour of ——— for the purpose

Revenue raised on the tonnage of shipping,

which exceeds the interest of money borrowed.

of improving the harbour, on the credit of which the Trustees have borrowed large sums at interest. The revenue is more than what is necessary for the repairs and payment of interest—

Assessment—To be made on the Treasurer in a sum equivalent to the *full amount of interest paid to creditors*, together with the disposable surplus.

Tolls of a river leased to separate persons.

CASE 19.—The tolls of a navigable river received at a lock are leased to A at an annual rent of £100 per annum; of another lock to B, at £70 per annum; and of another lock to C, at £80 per annum—

Assessment—To be made on A, B, and C, in their respective parishes, on the amount of their *profits, including the rent paid*, as above.

N.B.—On payment of the rent, each can deduct the duty *on that amount* from the Trustees.

Tolls of a river managed by a company.

CASE 20.—The tolls of another navigable river are collected for the use of the trust by collectors, with salaries, who account to them for the whole profits—

Assessment—To be made on the company, *in one sum*, on the balance of their profits, at the place where the general concern is managed.

Money borrowed on the credit of the tolls.

CASE 21.—Another trust, under similar circumstances to the last, has borrowed various sums at interest on the credit of the tolls, and on striking a balance their profits are not sufficient to pay the interest—

Assessment—To be made on the Trustees as the receivers of the profits of the creditors, in the full amount of the interest payable, out of which they are entitled to retain the duty.

3. Fisheries.

CASE 22.—The assessment on a fishery, Stream of a fishery running through several districts. running into several districts, carried on by a company, may, by a division of the general account, be apportioned among the several districts, allotting to each a relative portion of the stream. A fishery, so carried on, may also be assessed in one account; but one not carried on by a company cannot—

Assessment—To be made on the persons *carrying on the concern*.

N.B.—The duty may be levied on the owner, occupier, or receiver of the profits.

CASE 23.—On the river Tweed there are extensive fisheries—some are let—others are Fisheries let chargeable on the rent. in the hands of the proprietors. Where the fisheries are let, the person renting them is charged for the rent paid as the receiver; and he will be entitled to deduct the duty thereon. If the profits fall short of the rent, he must still be charged on that, and make his deduction—

Assessment—To be made on the person *carrying on the concern*, in the sum ascertained to be the actual profits.

CASES ILLUSTRATIVE OF ASSESSMENTS ON QUARRIES, CANALS, STREAMS OF WATER.

1. Quarries.

CASE 24.—A limestone quarry, in the parish of H—, is let to a person at a rental per ton upon the lime dug out— Chargeable on the full profit—deduction for rent made when ascertained.

Assessment—To be made on the tenant, on the *full amount of the profits* of the concern.

N.B.—When the *rent is ascertained*, he will be entitled to deduct the *proportion of duty upon the amount*.

2. *Canals.*

Outlay of money considered as increase of capital, not a deduction.

CASE 25.—A company of proprietors acknowledge the profits to be £24,000, but set against that £22,000 for expenses. On being required to particularize them, they refuse to do so. The Commissioners having reason to believe that the expenses have been occasioned by cutting a new canal, which they consider an increase of the company's capital, and not allowable as a deduction, they assess the whole profits. No outlay can be deducted unless the money has been actually expended *on the same property from which the profits arose*, and then only by averaging the accustomed expenses for preceding years.

Assessment must be made where the profits are received.

CASE 26.—A single proprietor of a canal keeps his office at B.; but has made his return *in the parish where he resides*. This is irregular. His return should be made in the parish or parishes *where the profits are received*. It is essential that the assessment should be within the jurisdiction of those Commissioners who, from their local knowledge, are best able to judge of the nature and extent of the profits, and who can, with the greatest facility, obtain information.

Land in the hands of a proprietor of a canal to be charged separately.

CASE 27.—The proprietors of a canal have lands adjoining the canal. They are not to account for these in their return of the profits from the canal, but are to be assessed separately for their lands. The proprietors may deduct the amount of the salaries paid to their officers as a portion of their expenses, and the officers are to return their salaries as a part of their income.

3. *The Use of Streams of Water.*

CASE 28.—A person rents a stream of water for the use of his manufactory. This is to be charged under Schedule A, *on the rent paid*, the lessee being in this case the agent of the lessor. The lessee does not make any *distinct profit from the water*, excepting in so far as it is an instrument of trade. He will, therefore, account for the profits in his trade returns, and the rent will be allowed *as a deduction on making up the account*.

Stream for a manufactory to be assessed separately on the rent paid.

CASES ILLUSTRATIVE OF ASSESSMENTS ON MINES.

Mines.

N.B.—As the same persons frequently hold shares in different mining concerns, in some of which a profit may accrue, whilst in others a loss may be sustained, each adventurer is permitted *to declare his share or proportion in each concern*, and to be charged on the balance of profits remaining, *after setting off the loss against the profit*.—See Case 29.

CASE 29.—A person has numerous shares in several mines, situate in different parishes, carried on by different companies of adventurers, each having a purser or general agent. In one mine, No. 1, his *profits* amount to £15,000; No. 2, £6,000; No. 3, £4,000; in No. 4 his *losses* amount to £2,500; in No. 5, to £2,000. He is not required to make any return of these shares, as he is not to be charged *personally*. Each mine being carried on by a body of adventurers, it devolves upon the purser of each, as their agent, to deliver

Loss in one mine set off against profits in another.

an account of the profits *in the parish where it is situate*. After these accounts have been allowed by the Commissioners, and the assessments made, the person will declare his *proportion* in each separate concern in the parish where No. 1 is assessed. He will produce certificates from the Commissioners acting for the districts where the other mines on which he has sustained a loss are assessed, of the proportion of his losses as proved, which, supposing them to amount, as above stated, to £4,500, the assessment on No. 1 will be diminished in that proportion. The purser of that mine will, on payment of £15,000 to A, *deduct from him the duty on the difference (£10,500)*, by which means he and the adventurers will be discharged of so much of the assessment. In like manner, all other adventurers in the same mines *may set off one loss against another*.

Loss in mining concerns cannot be set off against salary or profits in trade.

CASE 30.—The expenses of working a mine amount to £1,165. The adventurers raise ores of the value of £800, out of which they pay to the lord a royalty or rent amounting to £80; the loss, therefore, amounts to £445. The adventurers will be charged on £80 as *agents for the lord*, which they will deduct. The captain of the mine, the purser, and other agents, being all adventurers, are assessable also for their salaries, *and cannot set off the loss against the salary*; neither can any adventurer set off his loss *against the profits of any property, or the profits of any trade*.

Loss by a company in

CASE 31.—A company consisting of one hundred adventurers, declare their profits in

a certain mine to be £10,000, one-eighth part of which (£1,250), is payable to the owner of the soil as royalty; £750 interest for money borrowed; leaving £8,000 to be divided amongst the adventurers, or £80 for each. The assessment upon the adventurers will be, however, on the full sum of £10,000, and they will deduct from the amounts they pay to the several persons the duty in respect thereof.

one mine
set off
against
profits in
another.

Another company, *consisting of the same adventurers*, prove their loss to be £1,000, in addition to which they pay to the owner of the soil £1,000, and to creditors for interest £500, they are accordingly assessed at £1,500. Each adventurer in each concern declares his share to be one-hundredth part, consequently the gain on both is $£80 - £10 = 70$, for which each adventurer will be separately liable in the full duty of 9d.* in the pound. The first company being assessed for £10,000, will be entitled to a reduction of £1,000, the amount of the loss in the latter mine, and will retain from each adventurer 9d. *in the pound on £70 instead of £80*, the other £10 remaining unassessed to balance the loss; and the latter company will remain assessed for £1,500 only.

* The rate of duty for 1862-3.

**CASES ILLUSTRATIVE OF ASSESSMENTS ON
PROPERTY BELONGING TO THE CROWN.**

N.B.—No exemption can be claimed for Crown property, except where the Sovereign is *in actual possession*. Whatever is beneficially enjoyed by a subject, whether in right of his office or as a boon, *is chargeable on him*, its annual value being considered as a portion of his income. Messuages belonging to her Majesty, in the occupation of any officer, in right of his office or otherwise, are chargeable on the annual value thereof, *except apartments in her Majesty's royal palaces*.

House at
Woolwich
Arsenal
occupied by
an officer
free of rent.

CASE 32.—An officer occupies a house at the Woolwich Arsenal, in right of his employment by the Crown. He pays no rent. The house is valued at £70.

Assessment—Schedule A, £70.

Land held
free of rent.

CASE 33.—A person who occupies on sufferance certain slips of land near Windsor Park, for which he pays no rent. The value being estimated at £40, he is assessed as follows—

Assessment, { Schedule A, £40.
 { Schedule B, £40.

Lodge in
Windsor
Park
occupied
rent free.

CASE 34.—A keeper who resides with his family in a lodge situate in the Park at Windsor. Annual value, £30. The park is not chargeable; but the lodge, being beneficially enjoyed by a subject, *is chargeable*.

Assessment—Schedule A, £30.

CHAPTER IX.

ASSESSMENTS.—SCHEDULE C.

THE duties under this schedule are chargeable upon all profits arising from interest, annuities, dividends, &c., payable out of any public funds.

It is not necessary, however, that persons who have investments of this description should make any return of them, as the assessments are made by Commissioners authorized or appointed for the purpose, from the official documents in their possession.

The duties are retained half-yearly out of the interest, annuities, dividends, &c., and accounted for by the Commissioners referred to on behalf of each individual proprietor, being paid over by them to the credit of the Receiver-General of Inland Revenue, in account with the Bank of England.

Bank of England.—The Governor and Directors of the Bank of England are Commissioners for assessing all annuities payable to the said Company at the Exchequer, and the profits attached to the same, and divided amongst the several proprietors; and for all annuities, dividends, and shares of annuities payable out of the revenue of the United Kingdom, and all other annuities, &c., intrusted to the said Company for payment, or payable by them.

Bank of Ireland.—The Governor and Directors of the Company of the Bank of Ireland are Commissioners for assessing all annuities, dividends, and shares of annuities, payable by the said Company out of the public revenue of the United Kingdom, to any persons, corporations, or companies whatever.

South Sea Company.—The Governors and Directors of the South Sea Company are Commissioners for assessing all annuities payable to them, and the profits attached to the same, and all annuities, dividends, and shares of annuities intrusted to them for payment, or payable by them.

East India Company.—The Directors of the East India Company are Commissioners for assessing the interest payable on the bonds of the said Company, and for all dividends and annuities payable by them.

National Debt.—The Commissioners for the reduction of the National Debt are Commissioners under the Income Tax Act, for assessing all annuities payable by them.

Colonial Revenues.—Persons intrusted with payments of annuities, &c., out of the revenue of any colony or settlement belonging to the Crown, are to deliver accounts to the Commissioners for Special Purposes, in order that they may make out the requisite assessment for charging the duties.

Foreign Revenues.—Persons intrusted with the payment of annuities, &c., out of the revenue of any Foreign State, are to deliver accounts to the Commissioners for Special Purposes, in order that they may make out the requisite assessment for charging the duties.

Interest payable out of the public revenue on securities issued at the Exchequer, or other public office, is charged by the Commissioners for assessing the profits of offices in the same department; and the interest payable by the East India Company on

the bonds issued by them, is charged by the Commissioners appointed for that purpose.

The Assessors compute the duty *at the time of payment*, and make the assessment upon that amount, which they certify to the officer appointed, who retains such amount and pays it over to the account of the Receiver-General of Inland Revenue at the Bank of England.

Every person purchasing such security or bond *in circulation*, with current interest thereon, is empowered to deduct from the interest the proportion of duty which will become chargeable, as if such interest *were then due and charged to the duty*.

Whenever a new security or bond is issued in exchange for a former security or bond, a similar computation, and assessment are to be made.

The following stocks are exempt from duty, viz.:—

Friendly Societies.—The Stock of Friendly Societies, established under any Act of Parliament relating to Friendly Societies, provided it shall appear by the rules of any such society deposited with the Commissioners for the reduction of the National Debt, or with the trustees of any savings bank, that the sums assured by such society to any individual, or to any person nominated by or to claim under him, shall not exceed £200, or the amount of any annuity or annuities granted by such society shall not exceed £30 per annum; and provided the property, when invested in the public securities in the Bank of England, be duly claimed and proved by an agent or factor, or member on behalf of the society, before the Commissioners for Special Purposes.

Savings Banks.—The stock of any Savings Bank established or to be established under an Act of 9 Geo. IV., c. 92, arising from investments with the Commissioners for the reduction of the National Debt, and the dividends or interest payable by the trustees of any Savings' Bank upon any funds therein deposited.

Charities.—The stock of any corporation or society, or of any trust established for charitable purposes only; or applicable by them to charitable purposes only, according to the rules and regulations established by Act of Parliament, charter, decree, deed of trust, or will, and in so far as the same shall be applied to charitable purposes only.

Cathedrals, Colleges, Churches or Chapels.—The stock applicable to the repairs of any cathedral, college, church, or chapel, or any building used solely for the purpose of divine worship, and in so far as the same shall be applied to such purposes, on proof, before the Commissioners for Special Purposes, of such application by any agent, factor, trustee, or member.

Treasury.—The stock standing in the name of the Commissioners for the Treasury.

National Debt.—The stock standing in the name of the Commissioners for the reduction of the National Debt.

Her Majesty and Foreign Ministers.—The stock belonging to Her Majesty, in whatever name vested, and also of any accredited minister of any Foreign State, *resident in Great Britain.*

Vide chapter on "Claims of Exemption," &c.

CHAPTER X.

ASSESSMENTS—SCHEDULE D.

THE duties under Schedule D are chargeable:—

1. In respect of the annual profits or gains arising or accruing to any person or persons residing in the United Kingdom from any kind of property whatever, whether situate in the United Kingdom or elsewhere.

2. In respect of the annual profits or gains arising or accruing to any person residing in the United Kingdom from any profession, trade, employment, or vocation, whether carried on in the United Kingdom or elsewhere.

3. In respect of the annual profits or gains arising or accruing to any person whatever, whether a subject of Her Majesty or not, although not resident within the United Kingdom, from any property whatever in the United Kingdom, or any profession, trade, employment, or vocation, exercised within the United Kingdom.

4. In respect of all interest of money, annuities, and other annual profits and gains not charged by virtue of any of the other schedules.

The first distinction to be noticed is as to residence in the United Kingdom.

Every person so resident is chargeable for all profits of trade *in any part of the world*.

Persons *not resident in the United Kingdom* are

chargeable for all their *property* in the United Kingdom, and for the *profits of any trade exercised* in the United Kingdom.

Temporary absentees are chargeable as residents; and persons in the United Kingdom for a temporary purpose only, and not with the view of establishing a residence therein, are to be charged *if resident for a period or periods equal in the whole to six months in any year.*

Persons quitting the country after claiming exemption as temporary residents, and returning within the year, are to be charged as residing for the whole year.

FIRST CASE.

Trade, manufacture, adventure, or concern in the nature of trade, not contained in any other schedule of this Act, including every art, mystery, adventure, or concern; except always such adventures or concerns, on or about lands, &c., as are mentioned in Schedule A, and directed to be therein charged.

This exception extends to all lands, tenements, and hereditaments in the United Kingdom, which cannot be assessed under this schedule; but the profits of lands situate out of the United Kingdom are not within the exception, and may be charged under this schedule.

The duty is to be computed on a sum not less than the full amount of the *balance* of the profits or gains of any trade, &c., *upon a fair and just average of three years.*

The *balance* is to be brought to the *end of the*

year immediately preceding the year of assessment, and to the day of that year on which the accounts of any trade, &c., have been usually made up, or to the 5th day of April preceding the year of assessment.

In cases where the trade has been commenced *within three years*, the computation may be made from the period of commencing the trade *for one year of that time.*

In cases where the trade has been set up *within the year of assessment*, the computation may be made as shown hereafter in the Sixth Case.

The balance of profits.—The *balance* of profits and gains is the sum by which *the profits exceed the expense of acquiring the profits.*

In the account to be made up, no sum ought to be included in the creditor's side *but the profits.*

Neither the *capital* employed, nor interest upon the whole or any of it, is to form part of the account.

Thus, if a person buy a quantity of sugar for £1,800, and sell it again for £2,000, the *profit* is £200. If, in the course of the year, he has ten such speculations, his profit will be £2,000.

If the capital is admitted into the account, a false conclusion would be drawn, inasmuch as *the same capital may be employed in each speculation.* Every sum he *received or is entitled to receive* should be inserted in the account. Therefore *book debts* form a part of the account.

But if, in the course of three years, he receives a sum on account of a transaction *executed before the*

three years, he need *not* include that sum in his balance of the three years.

If a transaction is not executed before the three years, *but is partly carried on before, and completed within the three years*, such transaction should be divided, and the profits arising from that part of the work performed within the three years inserted in the account.

So if a transaction be *begun within the three years, but is not completed at the end of the three years*, such profit as would belong to the *part within the three years* should be brought into the account.

On the debtor side of the account are to be included *the expenses incurred in acquiring the profit*.

If, in the article of sugar, it is purchased in the raw state, and converted into pure sugar, *the expense of the manufacture is to be set against the profit*.

Besides which there may be set against it such deductions as are allowed by the Act, and which are fully explained in detail under the head of deductions.

The average of the three years.—In order to form the average, the profits of the three years are to be brought into the account, and the sum or product divided by three. When the trade has been carried on for three years this course should be invariably adopted.

If, however, the trade has not been carried on for three years, but for a shorter period—for example, thirty months—then the average will be the just proportion of the profits for twelve months. If the profits for thirty months be £4,500, then as

30 : 12 :: £4,500 : £1,800, which will be the average for one year.

Or if the trade has been carried on for six months, in which a profit of £800 has accrued, then as 6 : 12 :: £800 : £1,600, the profits of one year.

If the trade has been commenced *within the year*, then the computation is to be made on such average as shall seem just, which is to be stated to the Commissioners for their decision.

Whenever any trade continues to be carried on, although a change may take place in regard to the person carrying it on, the party *actually carrying it on is chargeable on the profits of the trade*, although he may not have been in the receipt of the profits. The principle of the Income Tax is to charge *property and trade, and not the profits of individuals*.

SECOND CASE.

Professions, employments, or vocations, not contained in any other schedule of the Act.

The duty on employments extends to every service by retainer in any character whatever, whether such retainer be *annual or for a longer or shorter period*.

The duty is to be computed at a sum not less than the full amount of the *balance* of the profits, gains, and emoluments of any profession, employment, or vocation, estimated *on an average of three years preceding*, after making such deductions, and no other, as by this Act are allowed.

In cases where the profession, &c., has been commenced *within three years*, the computation may be

made from the period of commencing the profession, &c., *for one year of that time.*

In cases where the profession, &c., has been commenced *within the year of assessment*, the computation may be made as shown hereafter in the Sixth Case.

See page 151 for observations on "Balance of Profits, and "Average of the three years."

DEDUCTIONS AND ABATEMENTS ALLOWED BEFORE MAKING ASSESSMENTS ON ANY TRADES, MANUFACTURES, PROFESSIONS, EMPLOYMENTS, &c., &c., CONSIDERED UNDER THE HEAD OF CASES 1 AND 2.

1. For sums expended for *repairs of premises* occupied for the purpose of any trade, &c., profession, &c., or for sums expended for the *supply, or repairs, or alterations of any implements, or utensils, or articles*, employed for the purpose of such trade, &c.

The sum *expended* for such purposes according to an *average of three years* preceding the year of assessment.

The whole sum expended for repairs of premises or supply of implements, *within the three years*, may be brought into the account.

Thus, if in the year 1860, £100; 1861, £160; and 1862, £400, were expended for such purposes, the average will be £220, which will be the proper deduction.

But it must be remembered that by the fifth rule, under the next head, no deduction can be admitted for sums expended in the *improvement* of the premises, but for *repairs* only.

In providing implements of trade, the supply of new ones, as well as the repair of old, are allowed.

2. For such debts as shall be proved to the satisfaction of the Commissioners *to be bad debts*.

Doubtful debts may be *valued* at the sum which they are expected to realize.

When dividends have been paid upon any bad debt, the balance only must be included in the account.

The account made up by a trader should not include those sales which are not recoverable on the creditor side of the account; but the debtor side of the account may contain the loss sustained, which is the cost of the goods sold.

The profit that might have been received, but which is not recoverable, should not be entered on either side; if part of the loss be recoverable, say £10 per cent., then one-tenth of the profit to arise from the transaction should be accounted for, which may either be by separating the profit from the principal or not; if not separated, the whole sum received, or receivable, will form an item on the creditor side, and the whole sum lost or irrecoverable will form an item on the debtor side.—*Vide Appeal Cases*.

3. Any loss *connected* with or *arising* out of the trade, &c.

4. For any *average loss*.

The actual amount of loss after adjustment.

An *average loss* arises under a contract of insurance, and applies wholly to that species of adventure. This rule proceeds on the same principle as the one immediately preceding—that proof must be given of an actual loss before the deduction can be allowed.

5. Such sum, *not exceeding two-third parts* of the rent of a dwelling-house, with the appurtenances, part whereof shall be used for the purposes of trade, *as the Commissioners shall, on due consideration, allow.*

This deduction cannot be made by the party, but must be claimed in his return, stating the part of the house used for trade.

Shops, counting-houses, and warehouses, equally entitle the party to the deduction, but not to the same amount.

A shop taking up the whole story will be entitled to a greater allowance than a back shop or counting-house.

Rooms used as warehouses are also entitled to the allowance, and various instances may be stated wherein the full allowance may be justly made.

A trader may allege that the whole house is taken for the trade, the situation being chosen for that purpose, and that, consequently, a higher rent is paid than otherwise he should pay.

If, however, it were not for the trade he would not be in a situation to afford so high a rent, to maintain such an establishment, or to live in so expensive a manner; he chooses the situation for the purpose of enlarging his profit, and succeeds in doing so; but if he were to be allowed the rent as a deduction, his profit would be enlarged, while the revenue would derive no advantage.

These circumstances, therefore, cannot be taken into consideration.

The deduction should bear the exact proportion to

the rent that the part used for trade bears to the whole house; the higher the rent the greater will be the sum allowed, but the proportion must remain the same.

The proportions may vary as the parts occupied form the principal or the less considerable or advantageous parts of the house.

Thus, a larger allowance may be granted for a front shop than a back shop of the same dimensions. It would let separately at a higher rent.

The same proportionate deduction is allowed to owners, being also the occupiers of dwelling-houses used partly for trade and partly for residence.

Persons renting mills, warehouses, and buildings used exclusively for the purposes of trade, as also owners occupying any such mills, &c., are allowed to deduct from their profits the annual value at which such mills, &c., are assessed under Schedule A to the property tax.

6. By persons carrying on two or more distinct trades, &c., the loss sustained in any of the concerns against the profit of any other of the concerns.

This rule is not expressly stated in the Act, but it is implied by the negative rule, that a loss not connected with the trade is not to be deducted.

In cases where a loss has accrued on the average of years, or in the last year according to which the accounts ought to be made up, so that on the whole no profit has accrued within that period, the loss thus sustained in one concern may be transferred to the account of any other concern in which a profit has accrued *within the same period, and set off against*

that profit, so that the trader in different concerns may be charged only on the *balance of his whole profits*.

But when the different concerns are carried on in different districts, there may be some difficulty in ascertaining what is the loss sustained in one concern, and consequently what is the sum which may be set off from the other.

The Act is not express on this subject, but the sense may be collected by combining the different provisions.

For example : a person carries on a trade in Manchester and London, the former of which only is productive.

In London he returns no profits, and the Commissioners, after full inquiry, make no assessment upon him, but the unfavourable balance is not struck.

He then deducts from his profits in Manchester the average of the sums lost in three years by his trade in London. The Commissioners at Manchester inquire into the amount of his deductions, and on receiving his account, they, under the 118th section of the Act, require the return of his trade in London ; and on receiving it, deliver him a precept to return a schedule of the particulars by which he proves his loss in London to be to the same amount as he has deducted from his profits at Manchester, and the Commissioners, being satisfied, allow the deduction.

Such reduction can only be requisite when the loss is a total loss by some one concern ; that is, when there is a balance of loss, and not of profit, and it is

only for that balance, and not for the whole loss, that the claim can be made in this case.

Thus, the profit in one concern in three years is £15,000. On all the deductions allowed to be made from that profit, amounting to £16,000, the balance is unfavourable by the sum of £1,000, which may be carried to the deductions allowed in the other trade, and one-third on the same average as the profits are computed, taken from the balance of the profits of that trade.

7. For expenses wholly, exclusively, and necessarily paid or incurred by any clergyman or minister of any religious denomination, in the performance of his duty or function as such.

8. The annual premium paid by any person for an insurance on his life or on that of his wife, or for any deferred annuity on his life or on that of his wife, in or contracted for with any insurance company existing on the 1st of November, 1844, or registered under the Joint Stock Companies Act.

9. The annual sum paid by any party deducted from his salary or stipend for a deferred annuity for his widow, or a provision for his children after his death, under any Act of Parliament.

But in the last two mentioned cases no such abatement, &c., is to be made in respect of such premium beyond one-sixth part of the whole amount of the gains of such person.

Deductions not to be allowed in either Case.

1. For the purposes contained in the first article of deductions allowed, no sum beyond the sum usually expended for those purposes.

2. Nor on account of loss *not connected with or arising out of the trade, &c.* See cases, Schedule D, in chapter on Appeals.

3. Nor on account of capital withdrawn therefrom.

It has been shown that capital forms no part of the account which ought to be delivered.

This and the following rules lay down restrictions in certain cases, wherein deductions are not to be allowed. They arise out of the practice of merchants and other traders, in taking the accounts as they stand in their books, which, where concerns are carried on in partnerships, necessarily involve the capital which belongs to each partner.

This capital forms the first item of such an account, and the remaining items represent the sums received in the year, comprising both a return of the capital and of the accruing profit, against which are set the whole of the out-goings or expenses incurred in carrying on the trade.

This is evidently not the account which the Act requires, for one side must necessarily contain the same capital repeatedly employed; the other side must as necessarily contain various expenses which cannot under the Act be set off.

The Act, therefore, provides, that if any capital be withdrawn, the diminution of the capital shall not diminish the profit; that if any capital has been employed in the improvement of the premises, that item shall not reduce the balance; and that no sums employed or intended to be employed as capital in the trade shall be deducted.

In the construction of the word profit, it has been

considered by some that nothing *but the excess above legal interest is profit arising from trade* ; and therefore the first deduction that should be made is that of £5 per cent. on the whole of the capital employed.

The Act expressly prohibits this practice, with a view of bringing the subject to the notice of the Commissioners, and of enabling them to rectify the abuse.

4. Nor for sums employed or intended to be employed as *capital* in the trade, &c.

5. Nor for capital employed in *improvement* of premises occupied for the purpose of trade.

6. Nor on account or pretence of *interest* that might have been made, if such sums had been laid out at interest.

7. Nor for debts not proved to be *bad debts*.

8. Nor for *average* loss beyond the *actual amount* of loss after adjustment.

9. Nor for any sum recoverable under insurance or contract of indemnity.

10. Nor for any disbursements or expenses whatever, not being wholly and exclusively laid out or expended for the purpose of such trade, &c.

The private expenses of individuals, though defrayed out of the annual profits of trade, retain their original quality, and an expenditure occasioned *partly by* the trade does not form a legitimate item of deduction.

The expenditure must be *exclusively* and *solely* incurred for the purposes of trade.

Thus, the wages or board of a servant sometimes employed in domestic purposes cannot be deducted,

nor any part thereof; but the wages and board of a book-keeper, &c., wholly employed in trade, form a proper deduction.

11. Nor for any disbursements or expenses of maintenance of the parties, their families or establishments.

12. Nor for rent or value of any dwelling-house or domestic offices, except of such part as may be used for the *purposes of trade*, &c., and not exceeding the proportion before mentioned; nor for repairs of such premises; nor for the supply, repairs, or alterations of implements, &c., beyond the sum usually expended, according to the average before mentioned.

13. No other deductions than such as are expressly enumerated.

The items prohibited to be allowed as deductions may be considered as examples; everything which is within the same principle is also to be considered as prohibited; whilst those which are enumerated and allowed as deductions are to be construed strictly.

The deductions expressly enumerated cannot be extended; the deductions expressly prohibited cannot be allowed; and all those within the same principle are to be governed by the same rule of prohibition, because they are not expressly enumerated as deductions.

Thus, if a sum be withdrawn from trade *for other purposes*, it matters not whether it be capital or profit.

If a sum be embezzled, it matters not whether it has been intrusted to one usually employed in the trade or to a stranger. The loss arises in a manner *not connected with or arising out of the trade*.

It is necessary, therefore, that both the party and

the Commissioners should attentively consider what is allowed as a deduction; if not expressly allowed, no equitable construction can be admitted.

The principle of disallowing any item as a deduction, and combating against the introduction of any *similar* deduction, should be duly considered, because the general provision confining deductions to those enumerated *extends to the exclusion of everything not enumerated*.

14. Nor on account of annual interest, annuity, or other annual payments, to be paid out of any profits or gains chargeable by this Act.

All annual interest of money is to be charged *in the hands of the payer* on behalf of the payee, for whom, under the Act, the payer is the agent. He must necessarily stand charged for that interest, although it forms no part of his own income; but the law enables him to recover the duty on payment of the interest; consequently, he has no claim to deduct that sum from the account.

General Rule applicable to the preceding Cases.

The computation of duty in respect of trade or profession, &c., is to be made exclusive of the profits or gains arising from lands, &c., occupied for the purpose of such trade or profession, &c.

THIRD CASE.

Profits of an uncertain annual value.

Profits of an uncertain value consist of the following:—

1 Securities bearing interest, payable out of the

public revenue, except securities before directed to be charged under Schedule C.

The securities referred to as coming within the exception are Exchequer bills, Navy or Ordnance debentures, which are the usual securities of this description issued by Government; but all securities issued from any other public office are also within the exception.

2. Discounts.

In cases where persons, instead of investing their money in permanent security, keep it by them for the purpose of purchasing securities not yet payable, and charge interest for the time the security has to run, and perhaps a commission besides,—the aggregate of these sums received within the year preceding forms their profits, and is to be accounted for under this rule.

The same observations apply to cases where persons lend money at interest for short periods, either in discounting bills of exchange or in any other manner.

Any expenses incurred in prosecuting this kind of traffic in money may be deducted in estimating the balance of profits—such for instance as the salary of clerks, the expense of stamps, rent of office, &c.

3. Interest of money not being annual interest.

4. Dealers in cattle, and dealers in or sellers of milk, who sustain their cattle by provisions not the produce of lands in their occupation, may be charged, on a return of the profits which the Commissioners may require, such further sum as, together with the charge in respect of the occupation of the lands, shall make up the full charge on the profits.

The duty is to be computed at a sum not less than the full amount of the profits arising therefrom within the preceding year, without any deduction.

5. All annuities, yearly interest of money, or other annual payment, whether such payments be receivable within or out of the United Kingdom, either as a charge on any property of the persons paying the same, by virtue of any deed or will, or otherwise, or as a reservation thereout, or as a personal debt or obligation by virtue of any contract, or whether the same shall be received and payable half-yearly, or at any shorter or more distant period.

It is to be observed that where such payment shall be receivable out of profits or gains brought into charge by the Act, no assessment is to be made on the person entitled to such payment, but the person liable to make the payment is authorized to deduct the duty. Where such payment shall be receivable without deduction, or made from profits not charged by the Act, then the duty is to be charged under and subject to the provisions in this case.

The personal debts above spoken of are such as had existence at the time of the contract for making the annual payment; as where the contract is by bond or note of hand for payment of the principal with interest, there the interest is liable to deduction.

But if the original debt is created by the contract, and consists wholly of such annual payment, the deduction cannot be made; as where the person contracts by any written instrument to pay a salary or wages for services to be performed.

In the case of the purchase of an estate where a

purchaser is liable to pay interest on his purchase-money, he may deduct the tax from such interest.

6. Also all interest of money which shall not be reserved or charged, or payable for one year.

7. Where any creditor on any rates or assessments is entitled to interest, the officer having the management of the accounts is to be charged with the duty payable on such interest.

The officers referred to are treasurers of counties, boroughs, and poor law unions, who are to return the amount of all loans obtained on the security of rates, or borrowed under the powers of any Act of Parliament, as they are entitled to deduct the tax on payment of the interest.

Exemption.

Any corporation, or society, or trustee, for charitable purposes only, is entitled to the same exemption in respect of any yearly interest, or other annual payment chargeable under this Schedule, in so far as the same shall be applied to *charitable purposes only*, as is granted to them respectively in regard to stock or dividends chargeable under Schedule C.

Under the first rule of Schedule C, 5 & 6 Vic., c. 35, the stock of friendly societies established under any Act of Parliament relating to friendly societies is exempted from duty, provided the society does not assure to any person any sum exceeding £200, or any annuity exceeding £30 per annum.

The Act 16 & 17 Vic., c. 34, s. 49, directs that any friendly society so established, and which does not assure or grant to any individual any sum or annuity

to an amount which would debar the society from such exemption, shall be entitled as well to exemption in respect of all their interest and other profits and gains chargeable *under Schedule D*.

Exemption is to be granted by the Commissioners for Special Purposes on due proof before them, and the amount of the duties paid in respect of such interest or yearly payment shall be repaid under their order in the same manner as in cases of exemption under Schedule C.

FOURTH CASE.

Interest arising from securities out of the United Kingdom, except annuities arising from a public revenue, directed to be charged under Schedule C. The duty to be computed on the full sums that have been or will be received in the United Kingdom in the current year.

The description of interest referred to in this case is that payable on mortgages, bills of exchange, or other securities, arising out of foreign profits, whether from trade or property.

As these remittances are generally received through mercantile houses who act as agents, the Act is compulsory on them to deliver the following account, according to section 51:—"Every person who shall be in the receipt of money, or value of or belonging to any other person, in whatever character the same shall be received, for which such other person is chargeable, shall prepare and deliver a list in writing, signed by him, containing a true and correct statement of all such money, value, and the name and

place of abode of every person to whom the same shall belong, together with a declaration whether such person is of full age, in order that such person may be charged.

FIFTH CASE.

Possessions in the British plantations in America, or in any other of Her Majesty's dominions out of Great Britain and foreign possessions.

The duty to be computed at not less than the amount of sums received in the United Kingdom, on an average of three preceding years; for remittances from thence payable in the United Kingdom; from property imported from thence into the United Kingdom; from money or value received in the United Kingdom, and arising from property which shall not have been imported into the United Kingdom; from money or value received on credit or on account, in respect of remittances, property, money, or value brought, or to be brought into the United Kingdom.

The Act considers that the value of foreign property may be brought into the United Kingdom;

1. By bills.
2. From the produce of the estate which it calls property (meaning personal property) imported into the United Kingdom, and turned into money here.
3. From the produce of the estate sold in other countries, the value of which is received here.
4. From money received by the party, either on the credit or the account of the produce of the estate converted in any of the ways mentioned.

SIXTH CASE.

Any interest of money, annuities, and other annual profits, not falling under any of the foregoing rules, and not charged in any other Schedule.

The nature of such profits, and the ground on which the amount shall have been computed, and the average taken thereof (if any), is to be stated to the Commissioners, and the computation is to be made either on the amount of the profits received annually, or according to an average of such period greater or less than one year, as the case may require, and as the Commissioners shall direct; such computation and statement to be made to the best of the knowledge and belief of the party.

The Act would have been imperfect without this general clause, although it is difficult to find any description of profit which can come within this rule, every possible source having been previously investigated and described.

But the combinations of property are so various, and the ramifications of trade are so extensive, that instances may occur which present difficulties as to their classification.

Some instances have been already alluded to, and others are mentioned in the Act; but it may be questioned whether their different combinations do not bring them under some other rule.

Whatever they may be, they must be annual—not arising from lands or tenements—from an interest in the public revenue—from trade or profession—from interest of money—annuities—or other payments

reserved or charged as payable by virtue of a contract—from foreign possessions or securities—or from offices—or pensions—all of which have a special classification.

IN WHAT PLACE ASSESSMENTS ARE TO BE MADE, AND
UPON WHOM THE DUTIES ARE TO BE CHARGED.

Trustees, Agents, &c.—Any person chargeable for any profits, as acting in the capacity of trustee, agent, &c., for any other person or persons, or on the behalf of any corporation, fellowship, fraternity, company, or society, is to include all and every source and sources chargeable in any return made.

The return is to be delivered in that division where such person or persons, corporations, &c., would be chargeable, if acting on his, her, or their own behalf.

Two residences or places of business.—When a person has two residences, or carries on trades, or exercises professions in two places, or in any place different from the place of his ordinary residence, he is bound, if required by the respective Commissioners, to deliver at each parish or place the same accounts as required to be delivered at the place of charge; but he shall not, therefore, be liable to any *double charge on that account*.

Doubt as to place of assessment.—Whenever any doubt shall arise as to the district, &c., in which any person ought to be charged, the Commissioners of Inland Revenue may direct where such person shall be charged or assessed.

Foreign or Colonial profits.—Profits arising from securities or possessions in the colonies of the United

Kingdom, or a foreign country, are chargeable in London, Bristol, Liverpool, or Glasgow.

These profits are to be assessed by the Commissioners acting for that one of the above places at or nearest which the person receiving them shall reside.

In cases where the produce or profits have been imported *partly* into London, and *partly* into any of the outports before mentioned, or where they have been received by any person *partly* in London and *partly* in any of the outports, within the period of making up the account on which the duty is chargeable, *the whole of the duty shall be charged in the city of London.*

In cases where the produce or profits have been imported into or received within the said period wholly *in two or more of the said outports*, the duty is chargeable at one of such places only, and in one account, and at *such place where the major part shall have been imported or received.*

The returns relating to produce or profits of this description are to be delivered to the Commissioners acting for each place at which any part has been imported or received, and they are to transmit them to the head office of Inland Revenue.

The Commissioners of Inland Revenue will thereupon cause such returns to be sent to the Commissioners acting for the place where the duty appears to be chargeable, who shall accordingly assess the same in one sum.

General regulations respecting place of assessment.—Where a person is engaged in any trade, manufacture, adventure, or concern in the nature of

trade, or any profession, employment, or vocation, he is chargeable by the Commissioners acting for the parish or place where such trade or profession is carried on or exercised, whether carried on or exercised wholly, or in part only, in the United Kingdom, or whether such person shall be engaged in one only or more of such concerns.

Except where the same person is engaged in different concerns, and a loss from one concern is claimed to be set off or deducted from the profits of another concern.

Where any trade is carried on in the United Kingdom by the manufacture of goods, wares, or merchandize, the assessment is to be made *at the place of manufacture, although the sales of such goods, wares, or merchandize, shall be effected elsewhere.*

Every person who is a householder (and not in trade, &c., as before), is to be charged by the Commissioners acting for the parish or place where his dwelling is situate.

Every person who is *not a householder*, nor in trade, who has any place of ordinary residence, is to be charged by the Commissioners acting for the parish or place *where he shall ordinarily reside.*

Every person not in trade, &c., who has two or more houses or places where he is ordinarily resident, is to be charged in the parish or place wherein the dwelling-house is situate at which he usually resides, when the general notices are affixed at the commencement of the year of assessment, or in which he shall usually come to reside after such general notices are given.

Every return of profits to be charged under Schedule D is to include every source chargeable on the person or persons delivering the same on his or their own account, or on account of any other person or persons; and every person is chargeable in respect of the whole of such duties in the same division, and by the same Commissioners.

Except in those cases where the same person shall be engaged in different partnerships, or the same person or persons shall be engaged in different concerns relating to trade in divers places.

In each of these cases *a separate assessment* is to be made in respect of each concern, at the place where such concern, *if singly carried on*, ought to be charged.

Every person, not before described, is to be charged by the Commissioners acting for the parish or place where he resides at the time of beginning to execute the Act, by giving such general notices; or where he first comes to reside, after such general notices are given.

If any person comes to reside in a parish in which he has not before been charged for the same year, and it appears that he has not been already assessed, the Commissioners may proceed to assess him in that place, *as if he had been resident at the time of publication of notices*.

Every charge thus made shall be valid and effectual, notwithstanding the person may subsequently remove from the parish or place where he has been charged under these circumstances.

General regulations respecting partnership con-

cerns.—The assessment in respect of any trade, manufacture, &c., or any profession carried on or exercised by two or more persons, is to be made jointly and in one sum, and *separately and distinctly from* any other duty chargeable on the same persons, or either or any of them.

The return of the partner who is first named in the deed, instrument, or agreement of co-partnership, and who is resident in the United Kingdom, will be deemed sufficient authority to make the joint assessment required by the Act.

Where there is no such deed, &c., then the return should be made by the partner who is named singly, or with precedence to the other partner or partners, in the usual name, style, or firm of such co-partnership.

Where the precedent partner shall not be an acting partner, then it is necessary that the return should be made by the *precedent acting partner*.

Where no such partner is resident in the United Kingdom, then the return is to be prepared and delivered by their agent, manager, or factor, *resident in the United Kingdom*, jointly for such partners.

The persons above described are required, under the penalty contained in the Act for default in making returns, to make such return on behalf of himself and the other partner or partners whose names and residences are also to be declared in such return.

Joint assessments are to be made in the partnership name, style, firm, or description.

No separate assessment is allowed in any case of

partnership; *except* for the purposes of the partners *separately claiming an exemption*, as herein directed, or of *accounting for separate concerns*.

Any joint partner already returned by such precedent partner may return his name and place of abode, and that he is such partner, without returning the amount; *unless* the Commissioners think proper to require similar returns and similar information and evidence as they may require from the precedent partner.

If any change take place in a partnership concern, either by death or dissolution of partnership, as to all or any of the partners, or by admitting any other partner therein; or if any person has succeeded to the concern, the duty payable is computed according to the profits and gains of the business for the period of three years preceding, *notwithstanding such change or succession*; *unless* proof be given that the profits have fallen short, or will fall short, from some specific cause, since the change or succession took place.

ILLUSTRATIVE CASES.

CASE 1.—A manufacturer resident at Manchester is the precedent acting partner of several concerns in trade, carried on in various parts of the kingdom. All accounts are addressed to him, and all moneys remitted to and paid by him, and he makes up the general account of all the concerns at Manchester. At that place he delivers one general return, declaring the names and residences of his partners, and is assessed in one sum for the whole.

The Commissioners at each place where the concerns are carried on require a return; instead of which they receive a certificate from the Commissioners at Manchester of an assessment having been made at that place, including the whole of the concerns.

Notwithstanding the receipt of this certificate the Commissioners proceed by summons of the precedent partner, left at the respective houses of trade, *to enforce the Act in the respective districts, and levy the penalties and duty.*

On full consideration of the Act, this proceeding was held regular; and it was decided that the assessment at Manchester was *illegal*, and *that it ought to be vacated although paid.*

CASE 2.—In the case of a partnership formed with a view of carrying on various trades, as well as for the purpose of working a coal mine, it was held, on full consideration, that in concerns of trade chargeable under Schedule D, the precedent acting partner residing in the United Kingdom, *although he might not be resident in the district where the trade was carried on*, was the person first amenable to the Commissioners of that district, and that all process under the Income Tax Acts, being left at the place of carrying on trade, is binding on him; and that any other partner might be called upon for similar returns in default of the precedent acting partner.

With, reference, however, to a concern chargeable under Schedule A, such as a coal mine, any managing partner residing in the district might be called upon to make the return on behalf of himself and the

others, and if the concern was not managed by a partner, *the agents or officer having the management of the concern*, or being in receipt of the profits, might be called upon.

There is an obvious reason for this distinction; for it is presumed, that so long as the concern remained under the management of any of the partners, it was desirable to observe the secrecy frequently necessary in matters of trade, but not important in concerns of a different nature.

CASE 3.—A merchant at Liverpool is engaged in various partnerships. He is the *precedent acting partner* of some, and not of others. He makes a return of all his individual profits arising out of the different concerns in which he is engaged, united in one sum, taking no notice of the partnership profits.

The Commissioners refuse this return, and call upon him to furnish a return of the profits of each concern carried on in their district, of which he is precedent acting partner, in order to an assessment being made accordingly.

At the same time they call upon him for a return of the profits of each concern of which he is the precedent acting partner, *carried on in other districts*; and also the names of the partners in those concerns, and in all the other concerns wherein he is not precedent partner, with the names of such precedent partners, and the respective places where the concerns are carried on, and where they ought to be assessed, in order that a communication may be made to the Commissioners of those districts.

With this requisition he refuses to comply; the Commissioners, therefore, summon him, and inflict upon him a penalty of £20 for each offence; considering his refusal on each separate return which he ought to make as a distinct offence.

Having received information to guide their judgment as to the profits of those concerns of which he is the precedent partner, they assess *each firm in treble duty* on the amount of profits ascertained by them, and level the penalties on *his effects*, and the duty on the respective partnership effects.

They also communicate with the other Commissioners who had received similar returns from other partners. These Commissioners, on full consideration of the provisions of the Act, concur in the course adopted, and direct similar proceedings. Thus, each concern becomes separately assessed, but jointly in respect of the partners, in *the place where it was carried on*.

CASE 4.—Several persons are in partnership as railway carriers from Manchester to London. They are engaged with others as carriers, by road, at different places, and in various barges on navigations.

They have made a return of their profits *in one sum*, without distinguishing the profits of each concern.

They reside in another place, where they have large premises, and keep a number of horses, &c.

On the question being raised as to where they should be assessed, it was determined that the profits of each separate concern should be separately returned; and that where there are different partners, the concerns are necessarily separate.

The profits of each concern are to be returned by the precedent acting partner, at the place where it is carried on; and such place is deemed to be that where the accounts are made up, and its chief interest is centred.

CASE 5.—A company is formed to manufacture a patent article. The goods are made in Birmingham, but sold at a depôt in London. The company should be assessed at Birmingham.

CASE 6.—Three persons in partnership carry on the *same* trade in London and Hull. They may elect at which place they will be assessed, but must render an account of their profits, if called upon at the other place.

CASE 7.—Several persons in partnership carry on two trades of *different* descriptions—one at Newcastle-on-Tyne, the other at Sheffield. They must be assessed on each trade in the *respective place where carried on*.

CASE 8.—Two persons in partnership carry on trade as maltsters at Norwich, and they are also grocers and provision dealers at the same place. The Acts require that in this return they should separate the profits of each concern.

CASE 9.—Two persons carry on a trade at Bristol, and one of them is also engaged with other persons who carry on a trade of a similar *description at the same place*. The profits of the different partnerships must be *separately* accounted for.

CASE 10.—Several persons are engaged in various lead mines in different counties, in one of which the

precedent acting partner resides, and the general accounts are made up at his place of residence.

He delivers an account of the whole profits in that place, and is assessed accordingly.

The Commissioners, however, in the other counties require separate accounts to be delivered, claiming the right of assessing the profits of each mine separately.

This is the proper course, for the Act does not consider a mining concern as a trade; it is not assessable as such. Each mine must be assessed where it is situate.

In cases of this description it is advisable that a general account of the profits should be made up, and a return made at each place proportionate to the quantity of ore raised at each mine; such general account, and the respective apportionment, to be delivered at each place.

Double assessment.—If by any error an assessment be made on profits arising from property or an office which is otherwise charged, or on any part of such profits, the Commissioners for General Purposes, on due proof to their satisfaction, *may cause such double assessment to be vacated.*

If any person has been assessed more than once in respect of profits arising from one particular source, and for the same year, either in the same or different districts, the Commissioners of Inland Revenue are empowered, upon due proof, to direct one or more of these assessments to be vacated and discharged.

It may frequently happen, under peculiar circumstances, that the duty is erroneously paid upon two

assessments which are proved to be made upon profits derived from the same source.

Whenever, therefore, it is proved to the satisfaction of the Commissioners of Inland Revenue that any such double assessment has not been vacated, and that payment of both assessments has been made, they are authorized to direct repayment of the amount of duty which may have been paid in error.

The proper course to pursue in such cases, may be ascertained on application to the Surveyor of Taxes for the district.

CHAPTER XI.

ASSESSMENTS—SCHEDULE E.

THE assessments under Schedule E may be classified under two distinct heads, viz., those which are made upon the various descriptions of income, whether salaries, fees, &c., payable out of the public revenue; and those which embrace the emoluments derived from other sources.

The assessments upon incomes payable out of the public revenue, are made by Assessors specially nominated in the departments where Commissioners are appointed. To enable them to execute their duties, they are allowed to have free access to all documents and papers in their respective offices, touching the salaries, fees, wages, perquisites, and profits, and the amount of the pensions and stipends; and they are empowered to require returns from the parties themselves.

All persons holding offices or employments, or being entitled to any pension or stipend, are to be entered in the assessment, together with the annual value of such offices, pensions, &c.; and if any of them claim exemption, the merits of such claim to exemption are determined under the regulations of the Act with respect to other assessments.

The Assessors in public departments are empowered to call for true accounts of all salaries, &c., from the proper officers, or their deputies, and the receivers and paymasters, and any agent or agents by whom salaries, &c., are payable; and if they are not satisfied with any accounts delivered to them, they may require the parties to prepare and produce to them, within the like period as is limited for returns of other accounts by the Act, lists of the salaries, profits of their offices, &c., which returns are to be made under the penalties contained in the Act.

The assessments for each public department are to be made in the place where the Commissioners execute their offices, although certain of the offices in the same department may be executed elsewhere, and they are to include every office or employment held under the department. Every person is to be rated for any office or employment as if exercised at the head office, although the duties of such office or employment may be performed, or the profits, or any part thereof, arising from such office or employment, may be payable elsewhere within or out of the United Kingdom.

All assessments on salaries, emoluments, &c., paid by the Bank of England, the Bank of Ireland, the

South Sea Company, &c., &c., &c., are made in a similar manner by Assessors appointed to act for the respective offices.

The Commissioners for general purposes in their several districts, execute the Act in relation to the duties on offices, for all offices or employments of profit in any county, &c., and for all parochial offices in Great Britain.

In Ireland this devolves upon the Commissioners for special purposes.

The profits of all public offices in any city, corporation, or cinque port, and of all offices in any guild, fraternity, company, or society, whether corporate or not corporate, within such city, &c., are to be assessed in such city, &c.

All offices and employments of profit are to be assessed under Schedule E; and they may be comprised under the eight following sub-divisions:—

1. Any office belonging to either House of Parliament, or to any court of justice, whether of law or equity, in the United Kingdom, the Duchy of Lancaster or Cornwall, or any criminal, justiciary, or ecclesiastical court, Court of Admiralty, commissary court, or court martial.

2. Any public office held under the Civil Government of Her Majesty, or in any county palatine, or the Duchy of Cornwall.

3. Under any commission on the staff, or in her Majesty's army, navy, militia, or volunteers.

4. Any office held under any ecclesiastical body, whether aggregate or sole.

5. Any office held under any public corporation, company, or society, whether corporate or not corporate.

6. Any office or employment under any public institution, or on any public foundation, of whatever nature, or for whatever purpose established.

7. Any office or employment of profit in any county, &c., or in any city, borough, town corporate, or place, or under any trusts or guardians of any fund, tolls, or duties to be exercised in such county, &c., or city, &c.

8. Every other public office or employment of profit of a public nature.

The following deductions are allowed from assessments under Schedule E:—

1. *Life Insurance, &c.*—The annual premium paid by the party for an insurance on his life, or that of his wife, or for any deferred annuity on his life or that of his wife, in or contracted for with any insurance company existing on the 1st of November, 1844, or registered under the Joint Stock Companies Act, or in or with any friendly society legally established, provided that the premiums shall not be made for shorter periods than three months.

2. *Deferred Annuity, &c.*—The annual sum paid by the party, or deducted from his salary or stipend, for a deferred annuity for his widow, or a provision for his children, after his death, *under any Act of Parliament.*

N.B.—No such allowance is to be made in respect of any such annual sums respectively beyond one-sixth part of the whole amount of the profits of such party.

3. *Travelling Expenses—Keep of Horse.*—The expenses necessarily incurred and defrayed, of travelling in the performance of the duties of any public office, or employment, or of keeping and maintaining a horse to enable the party to perform the same, or otherwise laid out, wholly and exclusively in the performance of such duties.

4. The amount of duties, or other sums, payable or chargeable on any salary, &c., by virtue of any Act of Parliament, where the same have been really and *bona fide* paid and borne by the party.

5. All official deductions and payments made upon the receipt of the salaries, &c., or in passing the accounts belonging to the office, upon a due account thereof being rendered and proved to the Commissioners.

If the salaries, fees, &c., of any office are receivable by one or more for the use of the officers, or as a fund to be divided among them in certain proportions, the officer or officers *receiving* such salaries, fees, &c., *is to be answerable for the duties* charged thereon, and shall pay the same and deduct the amount out of the funds provided for such respective offices, before any division or apportionment is made.

Where any office is executed by deputy, he shall, in all cases where he is in the receipt of the profits thereof, be answerable for, and pay such assessment as may be chargeable thereon, and deduct the same out of the profits of such office or employment.

See Illustrative Cases—Appeals—Schedule E.

CHAPTER XII

APPEALS.

Appeals against Assessments under
Schedules A and B.

WHEN the assessments relating to Schedules A and B have been examined by the Surveyor, and allowed and signed by the Commissioners for General Purposes, the days for hearing appeals are fixed by the latter.

The Act indicates two modes of proceeding, in order that the persons charged may become apprized of the amounts at which they are respectively assessed. These modes are either—*first*, by delivering a copy of the assessment to the Assessor for the inspection of the parties charged, together with a public notice of the day of appeal to be affixed on the church door or other public place in the parish; or, *second*, by delivering to each party charged the amount of his assessment, with a note of the day of appeal.

The latter course, as being the more convenient and certain, is almost invariably adopted, and the following form of notice is left by the Assessor with every person who is charged in his assessment, at least fourteen days before the day fixed for hearing the appeals.

No. 63.

YEAR 1861.*

NOTICE of ASSESSMENT under the Income Tax Acts by Commissioners for General Purposes—Schedules A and B.

Parish of , to , of .

Take notice, that the Commissioners for the General Purposes of the Acts of Parliament for granting to Her Majesty duties on profits arising from property, professions, trades, and offices, and acting within and for the have, by virtue of the power and authority vested in them by the said Acts, made an assessment on you for the year ending the 5th of April, 1862, as follows:—

	No. of Assess- ment.	Name of the Owner of the Property in re- spect of which the Assessment is made.	Descrip- tion of Property	Amount of Rent or Annual Value of Assess- ment.	Duty.
				£ s. d.	£ s. d.
Under Schedule A, on lands, tenements, &c., in respect of the property there- of,					
Under Schedule B, on lands, tenements, &c., in respect of the occupation thereof,					
Total duty £					

Dated this day of , 1861. Assessor.

If you have any cause to appeal against the same, you must give notice in writing, *ten days before the day of appeal, to the Surveyor of Taxes*, at his office, situate at , and appear personally before the Commissioners on the day appointed for hearing the case.

The day of appeal is fixed for the day of , at o'clock in the forenoon, at the .

* The year in which the assessments were made that are now in force.

The administration of the Act of Parliament with reference to the duties under Schedules A and B, is confided entirely to the Commissioners for General Purposes—excepting in the cases to which reference will presently be made.

The Additional Commissioners have no jurisdiction in respect of lands,—their powers relating exclusively to Schedule D.

The assessments under Schedules A and B are therefore allowed and signed by the Commissioners for General Purposes; and the appellate jurisdiction authorized by the Act of Parliament, is to the same Commissioners who made the assessment. It corresponds, therefore, more with the case *of a new trial* than an appeal.

It enables the appellant, however, to produce further testimony as to the value of his property, and to urge his case with full effect; and as the Commissioners, who are wholly disinterested persons, have another opportunity of considering the case, in connexion with any additional facts that the appellant may be able to adduce; complete and substantial justice is ultimately secured.

Under a recent Act of Parliament, 23 Vict., cap. 14, all the powers heretofore exercised by the Commissioners for General Purposes, in respect of assessing the profits of railways, are transferred to the Commissioners for Special Purposes.

The same Act of Parliament, while it does not interfere with the powers of the former Commissioners so far as regards the assessing of mines and quarries, enables persons so assessed under Schedule A to

elect and have their appeals heard by the Special Commissioners.

Upon the hearing of any appeal against an original assessment or surcharge, the appellant is bound, in every instance, to produce a true, perfect, and complete schedule, as directed by the Act, and as the case may render necessary; and, if required so to do, he must verify the same upon his oath or affirmation.

If, on appeal, the occupier produces the lease, or proves, by any lawful evidence, the annual amount of the rent at which the premises are let, the Commissioners may, in the following case, abate and deduct from the assessment so much as, in their judgment, will reduce the rate to a just rate on such rent, viz. :—

In case the rent has been fixed by agreement, *within the period of seven years*, and they shall be satisfied that the lease or agreement expresses the full consideration for the demise, or that the rent *bonâ fide* paid has been duly shown in evidence, and that such demise is made *wholly on consideration of the rent*, without any intention to conceal or diminish the annual value of such premises, or other fraudulent intention whatever.

Whenever it appears to the Commissioners that the premises have been assessed at an annual value less than the actual rent at which they are let, or (if not let) at less than the rent at which they might be let, the Commissioners may enlarge and increase the assessment to such a sum as a like rate on the rent would amount to.

Should any dispute arise touching the annual value

of any messuages, lands, &c., and the Commissioners deem it necessary that a valuation should be taken, they are to name a person of skill to make such valuation.

If the appellant does not proceed with effect to cause such valuation to be made, the Commissioners may proceed to an assessment according to the best of their judgment.

The appellant may also require such valuation to be made. And upon the valuation being verified on the oath of the person making the same, the assessment is to be made accordingly.

It will frequently happen that persons remove from the district in which they are charged, without having had an opportunity of appealing. In such cases the Commissioners of Inland Revenue may empower the Commissioners of the district into which they have removed to hear the appeal.

CASES OF APPEAL UNDER SCHEDULE A.

Houses.

CASE 1.—A person occupies a house purchased by him for £4,000. The Assessors estimate the value at £6 per cent. on the price, and assess it at £240, which being objected to, the Commissioners direct the house to be valued, in order to arrive at the rack rent at which it is worth to be let by the year, and adjust the assessment accordingly.

Cost of purchase not a guide to annual value.

CASE 2.—Of an owner and occupier of a mansion in the country, built at an outlay of £120,000, the annual value of which is returned at not more than another house costing only £5,000, but which, from its situation, would bring as high a rent. The Assessor estimated the value at a much higher sum, and assessed it accordingly. The Commissioners decided that the value is in proportion to the rent for which *each house would let*. Locality and convenience to trade are often the criterion of rent; *the cost and size of a house can never be so considered; but, on the contrary, as a general rule, the size operates prejudicially, on account of the incidental expenses.*

Cost of erection not a guide to annual value.

CASE 3.—A is owner of a house, in which he resides, and which has never been let. He values it at £50 per annum. It is one of a row of houses built at the same time, of equal dimensions, fitted up in the same substantial manner, and in equally good repair. The Assessor discovers that one of the houses has been recently let unfurnished at £90 per annum, and consequently estimates A's

Annual value decided by rents paid for properties of the same description.

house at £90, against which he appeals. The Commissioners confirm the estimate, considering the recent letting as a test of the value of the others.

Similar.

CASE 4.—B is owner of a house recently finished, which he occupies himself. He returns the value at £50. The Assessor discovers that the adjoining house, *of which B is also owner, has been let by him at £90.* On production of this lease to the Commissioners, they adjudge the return of his own house *fraudulent*, and assess him treble on the increase of £40, or at £170.

Similar.

The charge
above the
Poor Rate.

CASE 5.—Of an *occupier of his own house* which is assessed in the sum of £40. He claims a reduction to the Poor Rate Assessor of £30. It is found that properties in his parish of the same character, likewise assessed to the Poor Rate at £30, are, nevertheless, *let to tenants* at rents exceeding such Poor Rate by one-third the amount; and as he admits that he would not let his house at such poor rate value, and furnishes no evidence to invalidate the Assessor's estimate, the assessment is confirmed at £40.

Twenty-
one years'
repairing
lease.

CASE 6.—Of a tenant of a house and premises, who holds a twenty-one years' repairing lease, granted fourteen years ago, and pays a rent of £100. The average yearly cost of repairs is £15; and the Assessor having ascertained that property in the parish has increased 10 per cent. in value since the lease was granted, makes the assessment on £125, which is confirmed by the Commissioners.

Do. Im-

CASE 7.—Of a tenant who appeals against

a charge of £65 in respect of a house and premises, the rent paid by him being only £50. It is ascertained that a lease for twenty-one years was granted by the owner ten years since, under the terms of which the tenant has laid out £200 in addition and improvements to the property. The assessment is made on £65, the present estimated annual value, and confirmed at that amount by the Commissioners. The tenant is not entitled to deduct from his rent *more than the tax thereon*, he being considered owner in respect of the difference.

CASE 8.—Of the lessee of a house let within seven years at £60 per annum, on a lease for twenty-one years. On production of the lease it appears that he has covenanted to expend in the first year £300 in repairs, &c., to the house. A land surveyor is employed to state the improvement of the annual value by that expenditure for the term, which he reports to be equal to £15 per cent. The assessment made upon £105 is therefore confirmed by the Commissioners.

CASE 9.—The tenant of a house and shop makes no return of rent, and is assessed upon £60. On appeal he produces an agreement made *within seven years*, showing the rent, *Rack-rental* *bona fide*, to be £55, the letting being year by year. The assessment is reduced to £55.

CASE 10.—A contracts with B (the owner) for a lease at a certain rent, but B insists on certain repairs being done by A, according to valuation, *before the delivery of the lease*. On production of the lease, which is silent as to

considerations
of the
demise.

the repairs, the Commissioners decide that the transaction is fraudulent, and with intent, by the lease, to conceal the real value of the house. They confirm the assessment made by the Assessors on the annual value, disregarding the rent mentioned in the lease, *although the letting was in the preceding year.*

Ground
rent
claimed as
a deduction.

CASE 11.—An owner and occupier of leasehold property, consisting of house, garden, and stables, assessed at £120, claims a deduction of £15, paid yearly as ground rent. The appeal is dismissed, he having the power to deduct the tax in respect thereof, on payment to the ground landlord.

CASES OF APPEAL UNDER SCHEDULES A AND B.

Houses and Lands.

Land
(pleasure-
grounds)
unculti-
vated.

CASE 12.—Of the owner and occupier of a mansion-house, garden, and pleasure ground, with walks, shrubberies, and plantations. The house and buildings are estimated at £250; the garden, two acres, at £5 per acre; the remainder according to the nature and quality of the soil, twelve acres, at 20s. per acre. The owner contends that the latter, producing no profit, *ought not to be charged.* The Commissioners determine that the land is valued according to its quality, and is assessable on the value, *notwithstanding the unprofitable manner of using it.*

Assessment. { Schedule A, £272.
 " B, £22.

N.B.—It will be observed that however small may be the quantity of land that is

occupied with a house, it is chargeable under Schedule B on a distinct valuation.

When the land is the principal feature in the property, and the house is occupied for the purpose of farming it, then the whole is chargeable *under both schedules*.

CASE 13.—Of an occupier of his own lands, as a farm, which one year with another produces a profit (over and above the expenses) of £400, out of which he deducts parochial taxes £50. He delivers an account of the value at rack-rent of £175, which is one-half the valued profit, after deducting therefrom the taxes. The Assessor being of opinion that the rates belong to the occupation, estimates the property at £200, and the occupation at £200. The tithe-rentcharge is £30. The Commissioners confirm that estimate, on the ground that those burthens fall, by law, on the occupier, and that it is intended that lands occupied by the owner should be assessed *at the same value* as if they were about to be let to a tenant at rack-rent, *he paying the parochial taxes*. Now, if the lands were valued at £175, the amount of profit to the landlord and occupier would be £350, which would leave the tenant's share £225, being £50 more than the rent. The Assessor is therefore right in valuing the property at £200, which leaves the tenant an equal share of the profit.

Assessment. { Schedule A, £200.
 { ,, B, £230.

CASE 14.—A person who occupied his own farm paid the Land Tax *up to Lady Day last*. At that time he redeemed it, and it then became exonerated; but he now claims the amount

Claim for
Land Tax
redeemed.

as a deduction. The Commissioners are of opinion that the assessment being for the current year, no payment can be claimed as a deduction, *unless the like payment continues for the current year*. They consider the words of the rule as decisive of that construction which confines it to land tax that has not been redeemed—meaning, at the time of making the return—in which case only the last payment decides the quantum. Accordingly they disallow the claim.

Tithes
added to
value under
Schedule B.

CASE 15.—An owner and occupier of land valued at £65, exclusive of tithes, £10, claims total exemption from duty, having no other source of income. His income, as estimated under the rules of the Act, is as follows:—

	£	s.	d.
Value of land as owner,	65	0	0
Income from do. as occupier, being half the value <i>including</i> tithes,	37	10	0
	<hr/>	<hr/>	<hr/>
	102	10	0

The assessment is therefore confirmed—
Schedule A, £65. Schedule B, £75.

Tithes
claimed as
a deduc-
tion.

CASE 16.—The owner and occupier of a farm, charged under Schedules A and B at £350, claims a deduction from both schedules of £50 for tithes (rectorial, £35, vicarial, £15). It is admitted that the farm, were it tithe free, would let for £350; and this being the principle which guides the assessment, the deduction is allowed under Schedule A, as the tithes are returned by and assessed on the owner, but disallowed under Schedule B.

Assessment. { Schedule A, £300.
 " B, £350.

CASE 17.—C possesses a considerable estate in the parish of D, a portion of which he occupies, and has let the remainder in parcels for a short period, viz., from Lady Day to Christmas following. The Assessor calls on him for a return of the whole, which he refuses, making a return only of that part not let by him at £300. An information is thereupon laid before the Commissioners, and at the same time a valuation of the lands so let is delivered in, estimating them at £750 per annum, being the actual rent paid by the different tenants. The Commissioners considering the landlord chargeable by the third rule of No. 4, Schedule A, which provides that the assessment on all lands and tenements let to any tenant *for a less period than one year* shall be made on the landlord, and that he has been guilty of a wilful neglect with intention to defraud, fine him in the penalty of £20, and assess him on the full amount, but in treble duty so far as relates to the sum of £750, which he refused to return.

Land let
for periods
less than a
year.

CASE 18.—Of the tenant of a titheable farm, *on lease within seven years*, at £300 per annum, which appears, on inspection of the lease, to be the only consideration for the demise. The lessee compounds for the tithes at £50 per annum. The rector makes a return of, and is charged for, the whole of his tithes. No claim is made of any deduction.

Lease
within
seven years
—rent the
only con-
sideration.

Assessment. { Schedule A, £300.
 " B, £300.
 Tithes, £50.

CASE 19.—D is tenant of a farm from year to year, of which he has been in possession *Last agreement more*

than seven years previous to the 5th of April, when return is made.

more than seven years without a new agreement, at the rent of £550, paying all parochial taxes. The land tax is redeemed, and the farm is subject to a rentcharge of £150 in lieu of tithes. The landlord does all repairs. D returns it at £550, and the Assessor estimates it at £600, which estimate the Commissioners confirm, being of opinion that the farm would *now* let at that rent.

Assessment. { Schedule A, £600.
 ,, B, £750.

N.B.—In this case D, on payment of his rent, can deduct no more than the duty thereon. The duty on the remainder, together with the duty under Schedule B, he must pay out of his own profits.

Do.,
land tax
deducted.

CASE 20.—Of the tenant of a farm at the rent of £300, held under similar circumstances, excepting that the land tax, £18, is not redeemed, and is *paid by the landlord out of the rent*.

Assessment. { Schedule A, £282 (£18 land tax
 allowed as a deduction).
 Schedule B, £370.

N.B.—The tenant can deduct no more than the duty on £282 from the landlord.

Do.,
embank-
ment rate
deducted.

CASE 21.—Of the tenant of a farm held under similar circumstances, excepting that in addition to the land tax £46 was paid by the landlord under a *rate for embanking from the sea*.

Assessment. { Schedule A, £236 (£64 allowed as de-
 ductions, viz., £18 land tax and £46
 embankment rate).
 Schedule B, £370.

CASE 22.—Of the tenant of a farm held under similar circumstances, excepting that he agrees to *pay the land tax*, £20, in addition to his rent. No deduction is allowed for the land tax under Schedule A, the payment of it by the tenant being merely in the place of so much additional rent. The amount is, therefore, added to the rent under Schedule B (with the tithes, as in the previous case), in estimating the sum upon which the occupation or tenant's duty is to be charged.

Last agreement more than seven years previous to the 5th of April, when return is made. Land tax paid by tenant not deducted.

Assessment. { Schedule A, £300.
 " B, £390.

CASE 23.—Of the tenant of a farm held under similar circumstances, excepting that the *landlord pays the parochial taxes*, which in the last year amounted to £45; he accordingly returns the value at £255, which is accepted.

Do., parochial rates paid by landlord.

Assessment. { Schedule A, £255.
 " B, £325.

The tenant can deduct no more than the duty upon £255 from his landlord on payment of rent.

It is evident that in this case the *rack-rent* is no more than £255, for the owner *reserves no more to himself* by thus agreeing to pay out of the rent he receives (£300) the taxes which are *by law a charge on the tenant*.

CASE 24.—The tenant of a farm let *from year to year*, having been in possession *five years*, at the rent of £350—paying all parochial taxes, the land tax redeemed, subject to a rentcharge in lieu of tithes of £70, but under an engagement *to do all repairs*, returns

Repairs done by tenant.

the annual value at £350. The tenancy at *rack-rent is annulled* by the agreement to do the *repairs*, and the Assessor estimates the annual value at £367 10s., which is confirmed by the Commissioners on appeal.

Assessment. {Schedule A, £367 10s.
 {Schedule B, £437 10s.

He can deduct no more than £13 a year from his landlord, on payment of rent, the difference under Schedule A, amounting to 13s. 1d., falling upon him, as well as the duty under Schedule B, in respect of the occupation. The tithe-rentcharge is not assessed with the rent under Schedule A, because the rector returns the amount of the whole rent-charge of the parish, and pays the duty himself. In this and every other case it is, however, added to the rent under Schedule B.

Miscellaneous.

Appeal by
owner
against
overcharge
should be
made by
the tenant.

CASE 25.—E F, tenant of a house, is charged in the sum of £70. The *owner* appeals and states the rent to be £60, claiming a reduction to that amount. The rent appears to be the full annual value, and the reduction is allowed. Appellant is, however, informed that all appeals against overcharge of rent should be made by the *tenant*, as in the event of the rent paid being *less than the full value at which the property is worth to be let by the year, the difference between such value and the rent is chargeable on him*—the tenant being entitled to deduct from his landlord no more than the tax upon the actual rent.

CASE 26.—The tenant of a small farm of 60 acres pays a rent of £120, and in addition, tithes amounting to £30. He has no other source of income, and claims (on appeal) total exemption. His income, estimated by the rules of the Act, being only £75, viz., half the total of his rent and tithes (together amounting to £150), the assessment is discharged. He is informed, however, that he would have saved himself the trouble of a personal attendance at the appeal meeting had he applied to the local Assessor, who would have furnished him with a form (No. 38), to be filled up, signed, and forwarded by him to the Crown Surveyor for the district; or had he made personal application to the Surveyor.

Personal attendance on appeal by a resident in the district.

CASE 27.—A person residing at B—, whose income from all sources amounted to £95 per annum, was the owner of two small houses at W—, upon which there was a mortgage of £200, and a ground rent of £3.

Ditto, by a resident out of the district where the property is situated.

On the day of appeal he attended *personally* at W—, in order to claim exemption, and complained of having had to travel so far—a distance of sixteen miles—for this purpose. He was informed by the Commissioners that his *personal* attendance was wholly unnecessary; and that if he had applied to the Surveyor of Taxes at B—, where he resided, a form (No. 40) suitable to his case would have been supplied to him.

The Surveyor of Taxes at B— would, if satisfied, have taken steps to have the property discharged (retaining in assessment the duty on the ground rent and interest) by certifying his claim of exemption, and forwarding

it to the Special Commissioners—the property at W—— not being within the limits of his district.

Deduction
claimed for
rates, re-
pairs, &c.

CASE 28.—The owner of several cottages assessed at £60 (the full rent received) claims to have the assessment reduced by £15, the sum paid by him for land tax, parochial rates, fire insurance, and the average cost of repairs. The Commissioners allow the claim for land tax £2, and parochial rates, amounting to £8, which he covenants to pay for his tenants, and reduce the charge to £50, disallowing the claims for fire insurance and repairs, such not being authorized by Act of Parliament.

Deduction
claimed for
fencing
land.

CASE 29.—The owner of large estates having, under an Enclosure Act, expended in fencing his land more than the rent he received from his tenants, *claimed the amount as a deduction from the assessment*. But the Commissioners, thinking the Act did not warrant such a deduction, because it is *capital expended in the improvement*, rejected the claim.

Loss of
rent, empty
property.

CASE 30.—E G is assessed in the sum of £75 in respect of cottage property. He admits the rents, after deducting the parochial rates paid by him, amounts to that sum, but claims a reduction of the assessment on account of average losses of rent through absconding tenants and the occasional unoccupancy of his cottages. The assessment is confirmed at £75, and the appellant informed that at the end of the year the Commissioners will entertain an appeal in respect of any loss of rent incurred in the current year; and that for

the period any of the property may be unoccupied, when such is satisfactorily proved, the due allowance will be granted.

CASE 31.—One of the trustees of a Wesleyan Chapel returns £150 for assessment in respect of pew rents. He is charged at £250, and appeals. It transpires, at the hearing of the case, that the trustees have borrowed, on the security of the rents, £2,000, at 5 per cent.; and that in computing the amount to be returned to the Income Tax, a deduction of the interest, £100, was made from the gross amount of the pew rents, viz., £250. The charge of £250 is confirmed, on intimation being given that the trustees are empowered to deduct on payment of the interest (£100), the tax thereon. Pew rents of chapels, &c.

Assessment.—Schedule A, £250.

CASE 32.—The trustees of a chapel obtain a rent of £300 per annum for the pews, but allege that *unfurnished* it is not worth more than £75. This plea is rejected by the Commissioners, who, although they allow that a dwelling-house should be estimated at the rent worth to be let unfurnished, yet they cannot admit that the two cases are analogous. The contents of a chapel cannot be regarded as *furniture*, but simply as *fixtures*. Furniture of pews considered fixtures.

Assessment.—Schedule A, £300.

CASE 33.—A shareholder in a building society has had apportioned to him a house of the annual value of £20, and he appeals against an assessment made thereon in that sum. He has other sources of income, amount- Property in a building society.

ing to £90 a-year, (his total income being accordingly estimated at £110), but claims exemption from the assessment on the ground that he is entitled to treat an annual payment of about £25 that he makes to the society as a mortgage interest, and consequently a legal deduction. His claim is disallowed, as the annual payment referred to can only be regarded as so much money (principal) annually set apart to purchase the property, and therefore not a deduction authorized by the Act.

Assessment.—Schedule A, £20.

Tithe-rent-charge. **CASE 34.**—The Rector of——having returned £550 as the gross amount of his tithes, from which £75 has been allowed as a deduction for land tax and parochial rates, claims on appeal a further deduction of £25, which he pays to his agent for collecting the rentcharge. **Cost of collectors disallowed.** The claim is rejected, the Act of Parliament not authorizing such a deduction. **Deduction for land tax and parochial rates allowed.**

N.B.—The expenses in the management of estates are not in any instances allowed.

Rent above the estimated full value. **CASE 35.**—A survey was made of a parish, with a view to an equal poor's rate, and the rate made on the *full value*. The owner of certain premises *let at a higher rent*,—that is, above the estimated full value—and assessed accordingly, claims a reduction to such estimated full value. The Commissioners confirm the charges, being bound to assess the premises *so let at the rent*, although in a higher proportion than the other properties in the parish.

Lease granted by **CASE 36.**—E H granted, four years since, to his two sons, a lease of a farm at £350 per

annum, *confessedly worth double that amount.* father to son.
 This is not a lease at rack-rent, in consideration of rent reserved, as there exists the consideration of natural affection. The Commissioners not being bound by such a lease, confirm the assessment made *on the annual value.*

CASE 37.—The living of B W, of the value of £600 per annum, is mortgaged for £1,680 under the provisions of Gilbert's Acts, which require a portion of the principal as well as the interest to be paid off yearly. The rector claimed a deduction from the value, on account of the *payment of the principal*, (he being entitled to deduct the duty on the interest on payment). But the Commissioners, finding the payment of capital included among the deductions prohibited by the Act, rejected his claim. Liquidation of mortgage claimed as a deduction.

CASE 38.—Of a person who assigned his estates to trustees for payment of his debts; the trustees *claimed to be discharged* from the assessment made on the property, but the claim was disallowed. The Act charges the receiver of the profits without reference to their application afterwards; and a change in the title makes no change in the assessment. Income applied to the payment of debts.

CASE 39.—From an income of £200, a person has set apart £80 per annum, *for the payment of his debts, and claims a deduction* to that amount; but the Commissioners reject the claim, and charge him on £200. This is an expenditure of his income, not a diminution. Ditto.

CASE 40.—The steward of an impropriator claimed the amount of rates and the expense of Expense of a dinner to

tenants
claimed as
a deduc-
tion.

an annual dinner given to the occupiers. The Commissioners granted a reduction for the rates to the amount paid in the preceding year, but disallowed the claim of a deduction for the outlay connected with a dinner, as being a *voluntary and gratuitous expense*.

House
occupied
free of rent
chargeable
on the
value.

CASE 41.—The trustees of a Wesleyan Chapel allow the minister a residence rent free, for which he is, however, assessed to the Income Tax on the annual value. The house is allowed in the place of additional salary, and it is in this manner that the Act charges that amount of income so called. The assessment is therefore confirmed.

Woodlands.

Chargeable
on annual
value.

CASE 42.—A person who is the owner of extensive woods is assessed according to the estimated annual value; but he appeals against the charge, contending that woodlands are not assessable. The Commissioners inform him that if such had been the intention of the Legislature they would have exempted them by a special clause, having before included them under the descriptions of *lands*, by which description they will pass in any common conveyance. Had it been contemplated that wood should be assessed in any other manner, it would have been included in the list of *particular properties* amongst tithes, manors, fisheries, &c.; but from the impolicy of taxing woods on the profits, which might have impeded the fall during the operation of the tax, and from the impropriety of defining what should come under the term *lands*, which has a legal and limited meaning, it has not been so included. The Commissioners confirmed the assessment.

CASE 43.—B sells to A 500 acres of wood, consisting wholly of fir and pine, of 200 years' growth, meant after felling to be ploughed, or kept for pasture without cultivation, and not again planted. The land is of small value, and an assessment thereon will produce a small revenue, in no way adequate to the produce of the sale. But the Commissioners after considering that a tax on the sale would be to tax the profit and produce of 200 years, decide on assessing B on the annual value of the land, and charge A on the profits he receives by the purchase.

Cleared of wood chargeable on annual value.

CASE 44.—A person rents 70 acres of woodland at 20s. per acre for 21 years, and is assessed at £70, against which he appeals. The lease contains precise covenants for the quantity to be felled in each year both of timber and underwood, the latter in such manner that the whole shall be cut in 14 years, and the former on an accurate estimate of the value and number of trees to be cut down from the part cleared of underwood each year. The Commissioners confirm the assessment on the rent.

Assessment on the rent.

CASE 45.—Of the owner of 500 acres of woodland, under his own management, a portion of the produce of which is cut down annually, amounting in value each year, as near as possible, to £625, being at the rate £1 5s. an acre. On a review of the adjoining lands, it is found they are worth from 10s. to 20s. an acre, according to their quality, but depending more on the state of improvement. The Assessors estimate the value at £450. On appeal the owner states that he considers the value arising from improvement not to be brought as a rule

Assessable on the annual value.

of valuing his woodlands, which have not been improved, therefore estimates his woodland on the medium average of those not under improvement, viz., at 12*s.* 6*d.* per acre, and £312 10*s.* as the annual value. The Commissioners reduce it to that sum, and assess him accordingly for the woods as lands, under Schedules A and B.

Assessable
on the
profit
made.

CASE 46.—Of the owner of 20 acres of wood, who, not having made any profit lately, insists on its not being assessable. The Commissioners take an opinion, by which they are informed, that woods in exclusive occupation or enjoyment are assessable only as lands, on the annual value thereof. That such assessment is to be made annually, without regard to the actual profits, or mode of cultivation, on the quality of the lands in their present state. To this opinion the Commissioners assent, and make the assessment accordingly. This is the rule which ought in all such cases to be observed.

Woodland
cleared in
one year,
valued on
average of
several
years.

CASE 47.—A has 500 acres of woodland, which six years ago he cleared of all sizable timber, realizing £20,000. As he will not secure any further profit for 60 years or more, he contends that he cannot be charged for his wood; but an assessment is made upon him, against which he appeals. In arguing with him on the effect of the general rule, the Commissioners put this case of illustration:—“On an enclosure, B has an allotment of 300 acres of common, valued by the Commissioners of Enclosure as not capable of producing profit for seven years, on account of the great expense of enclosing, grubbing, draining, &c.,

and therefore let it for 21 years at a rent of £200. B, being a spirited farmer, brought the whole into cultivation at a great expense the first year, and increased the value considerably beyond the estimate of the Commissioners; yet he was charged for that and every subsequent year at the rent of £200, being the average of the profit during the lease, and binding during the first seven years." Why, then, cannot the woodland be valued at the average rent it is worth for a 21, 40, or 60 years' lease, as circumstances require? They accordingly assessed A at an average rent.

CASE 48.—A grove, consisting of under-wood, was cut after 22 years' growth, and sold for £350. An assessment was made on that amount; but on appeal, the Commissioners seeing the extreme hardship of charging in one year the profits of 22 years, acted on the rule laid down by the Act of charging the land annually on its value to let by the year, and by that means reduced the assessment to a reasonable average.

Twenty-two years' profit realized in one year valued on average of several years.

Turnpike Tolls.

CASE 49.—The treasurer of a turnpike road conceiving that nothing was chargeable on him beyond the interest payable to the creditors—as the trustees were not proprietors for any beneficial purposes to themselves—and that the surplus above what was expended for repairs was not chargeable, appealed from the charge made on him for the surplus of the receipts above the expenditure.

Chargeable on actual profits including an interest payable.

The Commissioners inform him that the Income Tax is a charge on actual profits, in

respect of which the person receiving them is made answerable and chargeable, although he can in no case be considered as the proprietor, or beneficially interested; and, therefore, the only question is, what is the profit of the concern? The obvious answer is the receipt *within the year, after satisfying all expenses*. If there be any further appropriation of the profits by virtue of a contract, the receiver is chargeable with the duty *on behalf of the person entitled to that appropriation*. The account in the case under consideration, was as follows:—

Amount of tolls received in the preceding year,	£4,500
Expended in repairs,	£2,000
<i>Paid interest,</i>	£2,000
<i>Balance,</i>	£500

The value assessed was £2,500, being the two latter items; and on payment of the interest, the treasurer would deduct the duty.

Iron Works.

Iron-masters claim discharge of assessment for cottages and profits of a store, in consequence of loss by ironworks.

CASE 50.—Several persons in partnership, as ironmasters, have certain iron works, by which, instead of gaining any profit, they are annually sustaining a loss. They are owners of a number of cottages in which their workmen reside, without payment of rent; and they carry on a business or provision store in conjunction with their works, from which they derive a large profit. They are assessed under Schedule A, in respect of the cottages, in the sum of £800, and are charged by the Additional Commissioners £2,500 under Schedule D, on account of the business or provision store.

They claim to have the assessment under Schedule A upon their cottages discharged, as

they are necessary for carrying on the iron works; and they seek to be relieved from the charge under Schedule D, upon the business or provision store, as the loss upon the iron works exceeds the united amount of the annual value of the cottages and the profits of the business or provision store.

The Commissioners confirmed the assessment under Schedule A upon the full annual value of the cottages, and also that under Schedule D upon the profits of the business or provision store. The Act does not allow the loss from an adventure or concern to be set off in reduction of the profits from property; nor can the loss from an adventure (the profits from which must be charged under Schedule A) be set off against the profits from a business or trade chargeable under Schedule D.—*Vide* sec. 101, 5 & 6 Vic., c. 35.

CASE 51.—Several persons in partnership, as ironmasters, have a lease of a large tract of mountainous land, at a rent of £2,000 per annum. They have laid out £7,000 in erecting furnaces, casting-houses, engines, &c., &c. They return the rent of the land at £2,000, and their profits of trade at £6,000, but claim a deduction of the interest on £7,000, which they have expended.

Interest on capital expended claimed as a deduction.

Land thus occupied or employed is chargeable under a particular rule, by which it is exempted under Schedule B, in respect of the occupation, and made liable under Schedule A in respect of the property only, together with the profits derived therefrom.

They are accordingly assessed on £8,000 under Schedule A; and on appeal, the deduction for interest of capital expended in buildings being specially prohibited by the Act, is

disallowed, as the Commissioners consider the concern in the nature of a trade, and the rules in Schedule D applicable to it, by 188th sec. of 5 & 6 Vic., c. 35., which enacts that, "every provision in this Act contained, and applied to the duties in any particular Schedule, which shall also be applicable to the duties in any other Schedule, and not repugnant to the provisions for charging, ascertaining, or levying the duties in such other Schedule, shall, in charging, ascertaining, and levying the same, *be applied as fully and effectually as if the application thereof had been so expressly and particularly directed*; anything herein contained to the contrary notwithstanding."

N.B.—On payment of the rent of £2,000, the ironmasters will be entitled to deduct the duty thereon.

Colliery.

Outlay on
colliery.

CASE 52.—The owner of a colliery, who was assessed on £2,000 profits, stated that during the last five years he had expended more money on the colliery than he had received, in consequence of the seam being lost; and on proof being furnished to the satisfaction of the Commissioners he was relieved.

This determination is founded on the peculiarity of mining concerns;—a seam of coal is lost, and before it is recovered great expenses may be incurred. The case of sinking capital in a colliery is not like that of sinking capital in other concerns, but is in fact an anticipation of the profits. In other trading concerns the investment of capital cannot be allowed as a deduction from the profits; but in this case the capital which returns the profit is returned with it.

APPEALS AGAINST ASSESSMENTS UNDER SCHEDULE D.

When the assessments under Schedule D have been signed by the Additional Commissioners, the Clerk to the Commissioners issues the following notice to every person upon whom any assessment has been made:—

No. 64. YEAR 1863.

NOTICE of ASSESSMENT under the INCOME TAX ACTS. SCHEDULES D and E.

County of —, parish of —; to — of —.

Take notice, that the Commissioners for putting into execution the Acts of Parliament for granting to Her Majesty duties on profits arising from property, professions, trades, and offices, and acting within and for the — have, by virtue of the power and authority vested in them by the said Acts, made an assessment on you for the year ending the 5th of April, 1864, as follows:—

	Amount of Assessment.	Duty.
	£ s. d.	£ s. d.
Under Schedule D, on Profits of Trade, Professions, Foreign Property, and Casual Profits, . . }		
Under Schedule E, on Profits of Offices and Employments, . . }		
Total, . . . £		

Dated this — day of — 1863.
Clerk to the said Commissioners.

If you have any cause to appeal against the same, you must give notice in writing, *ten days before the day of appeal*, to the Surveyor of Taxes, at his office, situate at —, and appear personally before the Commissioners on the day appointed for hearing the case.
The day of appeal is fixed for the — day of — at — o'clock in the forenoon, at the —.

The note at the foot of the notice of assessment, in regard to the day of appeal, is frequently varied, as it is the practice in most large towns to ascertain the number of appeals likely to arise before fixing the days for the purpose of hearing them. This plan enables the Commissioners to consult the convenience of the appellants, by notifying to each the particular hour at which his case will be heard. The form of notice, in such cases, is generally to the following effect:—

N.B.—If you have any cause to appeal against the same, you must give notice in writing within ten days from the date hereof, to Mr. ———, the Surveyor of Taxes, at his office, situate at———, stating the parish and the number of this notice, and at the same time forward a debtor and creditor account signed by you, showing the total amount of the profits or gains of your profession, trade, or occupation, as the case may be, for the three years ending April last, or for such less period as you may have been in business, with the particulars of deductions claimed by you fully set forth therein, in order that the Commissioners may see how such profits have been arrived at. The day of appeal will then be made known to you, but no appeal can be heard unless such notice is given within the proper time.

All the assessments, whether objected to, or appealed from, or not, are submitted to the review and inquiry of the Commissioners for General Purposes, who may proceed to investigate them by interrogatories, although no appeal or objection be depending.

Upon receiving notice of appeal against an assessment, the Commissioners are empowered, in any case where they think proper, to direct a precept, in the following form, to the person assessed, directing him to return them a schedule containing such particulars as they require respecting his property, trade, &c.,

or profession, &c., and the balance of his profits, and the amount derived from each source, or respecting the deductions made, according to the statement of particulars contained therein.

Such questions may be added touching the several matters contained in the assessment, as the Commissioners consider to be necessary.

No. 79. INCOME TAX.

PRECEPT of the COMMISSIONERS requiring Schedules.

To —, of the —, of —.

We, — and — being — of the Commissioners for the General Purposes of the several Acts of Parliament relating to the duties on profits arising from property, professions, trades, and offices, and acting within the district of —, in the County of —, do hereby require you to return or cause to be returned, at our office, situate at —, within the space of — days after the date of this our precept, a schedule containing the following particulars, viz., [*any particulars required are inserted in this place.*] Thereof fail not.

Given under our hands, this — day of —, 186—.

} Commissioners.

The following particulars and questions, or any of them, or such others as may be applicable to the particular case before the Commissioners, may be properly required and put, in order to give them an insight into the nature and extent of the trade, and the probable profits, for the purpose of enabling them to regulate their future proceedings:—

The description of the trade or profession in which the person is engaged; in what place the trade or profession is carried on or exercised; and if carried on or exercised in different houses, the situation of each house.

If engaged in two or more distinct trades, the

description of each, and of the house and houses where each is carried on.

If engaged in any other concern in the nature of trade, it is to be described in a similar manner.

If concerned in partnership with any person or persons, the name and place of residence of each partner is to be stated, distinguishing the *precedent acting partner*, and the *partnership firm*, and *description*.

If concerned in more partnerships, similar particulars respecting each.

The amount of the balance of profits in each concern is to be stated *separately*, for the period of the last three years.

The amount of the deductions made from the profits in forming the above balance.

The amount deducted on account of the rent of dwelling-house.

The amount deducted on account of the rent of other buildings used for the purposes of trade.

The amount of desperate and irrecoverable debts, and if any deduction has been made for bad debts *not irrecoverable*, the amount to be stated.

The amount of deductions made—

1. For the expenses incurred in *wages*, and in *board of servants*.
2. For *improvements* of premises.
3. For *repairs* or supply of utensils.
4. For average *losses*.

True and particular answers are also required to the following questions:—

Have any, and what deductions been claimed on

account of loss sustained *in any matter not connected with trade, or not arising out of it?*

Or on account of any *capital* withdrawn therefrom?

Or for any sums employed, or intended to be employed as *capital* in the trade?

Or on account, or pretence of the *interest of the capital* employed, or that might have been made on the whole or any part, *if laid out at interest.*

The Commissioners are empowered under the 123rd section of the 5 & 6 Vict., cap. 35, to put questions in writing, in the following cases:—

1. When they shall be dissatisfied with an assessment returned by the Additional Commissioners, which gives them a power of inquiry in any case, either when the Additional Commissioners have not performed their duty with diligence and attention; or the Commissioners for General Purposes have any special knowledge of the affairs of the party, or have received any information not obtained by the Additional Commissioners.

2. Or when they shall be dissatisfied with the schedule which they shall have received in consequence of an appeal, or the surveyor's objections.

The power of putting questions does not depend on any proceeding to be instituted before the Commissioners, but is *general*, either when they raise an objection to the assessment, or the Surveyor has objected to it, or the person considers himself overcharged, or in any way aggrieved, and consequently appeals against it.

The questions depend on the nature of the case,

and cannot well be anticipated farther than is useful in settling the form of the inquiry.

Similar precepts may be issued, from time to time, at the discretion of the Commissioners, until they have obtained a complete and satisfactory schedule.

Every precept, on being delivered to the person to whom directed, or left *at his last or usual place of abode*, is binding upon him.

If he should have removed beyond the jurisdiction of the Commissioners, or cannot be found, or his place of abode be unknown, the precept may be affixed on the door of the church or chapel of the place where the Commissioners meet, and it then becomes binding upon him.

A return is to be made to the precept within the time limited, subject to the penalty of £20, and treble the duty at which the person ought to be assessed.

If the Commissioners are dissatisfied with the schedule, or require further information, they may put any questions touching the contents, or any matters which ought to be contained in it, and from time to time issue their precepts requiring true and particular answers to be given to such questions within seven days; and every person is obliged to return such answer within that period, or tender himself before the Commissioners to be examined *vivâ voce* on such matters.

The Commissioners may summon any persons whom they think able to give evidence or testimony respecting the assessment made, or to be made, and may examine all such persons on oath or affirmation;

and any person refusing or neglecting to appear, or refusing to be sworn, or, being sworn, refusing to answer any lawful question, incurs a penalty of £20.

The person required to give answers—the person appearing before the Commissioners to give evidence—any clerk, agent, or servant, or other person confidentially intrusted or employed in the affairs of the person being summoned, is permitted to give his answers, either in writing or *vivâ voce*, *without having taken any oath or affirmation*, and is at liberty to object to any question, and peremptorily to refuse answering the same.

In cases of examination, *vivâ voce*, the substance of the answers is to be reduced to writing in their presence, and read over to them, and they are at liberty to amend their answers.

The person is also at liberty to amend the answers given by him in writing.

The Act does not compel any person to be *examined* upon oath, as he might consider himself compelled to answer questions which would *tend to impeach himself or the fairness of his transactions*.

He is first to be examined *without restraint*, with the liberty of peremptorily refusing to answer any questions which may tend to disclose transactions likely to affect his credit.

Such answers as he chooses to give when reduced into writing, and read over to him, are binding upon him; *and he may then, but not before, be called upon to swear to the truth*.

A similar privilege is accorded to those whom he

has confidentially entrusted in the management of his affairs.

The privileges thus allowed of refusing to make answer to any questions put by the Commissioners, should, however, be used with discretion, as the Act authorizes the Commissioners to inflict a penalty if they consider the indulgence has been claimed *with a view to a decrease of the assessment.*

The Commissioners for General Purposes may require any person on whom an assessment has been made by the Additional Commissioners, with which they are dissatisfied; any person from whom any answers in writing, or schedule, have been received; and any person who has been examined, *virâ voce*, to appear before them *to verify their statement, schedule, answers, or examination, on oath or affirmation.*

If the Commissioners, with or without such inquiry, agree to make an assessment, according to the statement on the schedule, as it has been returned or amended, they are at liberty so to do, *and may require a verification thereof. And after verification, such assessment is final and conclusive.*

It is to be observed that the oath of the person is not to be called for *but in the last resort.*

When required, it is considered binding and conclusive as to the amount of the assessment.

It is expedient, therefore, that Commissioners should not call on any person to swear to the truth of his own statement until it has been sifted by every means in their power, *and then only when every other means have failed.*

This is evidently the meaning of the Act, for it does not invest them with this power in any case until they have come to an agreement *to abide by the statement delivered, for want of the means of impeaching it.*

This course is rarely adopted, and *only in cases where the Commissioners have strong reasons for suspecting fraud.*

In any of the following contingencies the Commissioners are empowered to proceed summarily, and are authorized to make an assessment according to the best of their judgment, which is *final and conclusive.*

In case a person *has neglected or refused to return a schedule.*

Where the person, his clerk, agent, or servant, being summoned, *has neglected or refused to appear before the Commissioners, to be examined.*

Where the person, his clerk, agent, or servant, *has declined to answer any question.*

Where the schedule has been objected to, and the objection has not been appealed against *within a reasonable time.*

Where any person required so to do has neglected or refused *to verify his statement or schedule, or the answers, or examination.*

Where the Commissioners agree to allow the objections, or any of them, made by the surveyor or inspector.

In every case where the Commissioners for General Purposes have made an increased assessment on the amount contained in any person's statement or

schedule, or shall, *at any time during the continuance of the Act*, discover that any increase *ought to be made*, they may charge the person in a sum not exceeding treble the amount by which the duties shall have been increased, that is to say:—

If, on refusal or neglect to deliver a statement or schedule, then in treble the amount at which the person *ought to be charged in the judgment of the Commissioners*; and if a statement or schedule has been delivered, then in a sum not exceeding treble the amount beyond the sum contained in the statement or schedule, unless it appears that the omission did not proceed from any fraud, covin, art, or contrivance, or any gross or wilful neglect.

In cases of absence from the realm, or sickness, or other reasonable cause, the Commissioners may give further time, or allow the appeal to be made by any agent, clerk, or servant, and admit other proof than the oath or affirmation of the party to the truth of the several matters required to be proved.

If any person refuses or neglects to make out any schedule, and when required to do so by the Commissioners for General Purposes, omits to deliver the same to the proper persons, or refuses or neglects to appear and verify his statement or schedule, he renders himself liable to a penalty not exceeding £20, and treble the duty at which he ought to be assessed.

In all cases where an appeal is allowed to be made to the Commissioners for General Purposes, against an assessment to the duties under Schedule D, the person may, if he thinks fit, *appeal to the*

Commissioners for Special Purposes, upon giving notice in writing to that effect to the Surveyors of Taxes for the District, within the time limited for notices of appeal to the Commissioners for General Purposes in similar cases.

Such appeal will be heard and determined by two or more of the Commissioners for Special Purposes, who shall be directed by the Commissioners of Inland Revenue to hear appeals in the district in which such appellant is chargeable ; and the determination of such Commissioners for Special Purposes is to be final and conclusive.

No person who claims exemption as having an income less than £100 per annum, can appeal to the Commissioners for Special Purposes ; but every such claim is to be determined by the Commissioners for General Purposes.

Although the legislature has entrusted the Commissioners with extensive powers for the protection of the revenue, they are only resorted to in extreme cases, when deliberate fraud or evasion is clearly intended. In all ordinary cases of appeal the Commissioners are satisfied with a plain debtor and creditor statement, of such a character as ought not to occasion any difficulty in its preparation, when books are properly kept and balanced.

Exaggerated statements have been spread abroad as to the complicated nature of the accounts required by the Commissioners, and as to the trouble given in preparing them. These may be generally traced to those who keep imperfect books, or, probably,

none at all ; for in well-conducted concerns little difficulty is experienced in furnishing all that is required.

The Commissioners usually decline to entertain appeals when no statement is produced, and persons declare that they keep no books. Cases of this description were far more numerous formerly than at present, for this determination of the Commissioners has had an excellent moral effect, having been the means of inducing small tradesmen and manufacturers generally, to look more closely into their affairs, and to keep proper accounts, by which means thousands have been rescued from bankruptcy and ruin.

A trade society in London printed the following statement a few years ago, with a view of assisting persons intending to appeal in the preparation of their accounts. Many Commissioners, however, object altogether to *per-centage* accounts as being more or less delusive. The following partakes of that character, as no reference is made to the value of the stock either at the beginning or the end of the year. As regards an average per-centage of profit, such a mode of computation scarcely ever ensures correct results, while in the majority of cases it can hardly be considered applicable. With respect to the "deductions" set forth as "allowed by Act of Parliament," this statement is, in some instances, inaccurate in point of law ; and in others, not sufficiently definite and precise, and, therefore, calculated to mislead :—

COPY OF THE STATEMENT REFERRED TO.

	£	s.	d.
Dr. To cash received for goods sold, from April 5, 1859, to April 5, 1860 (one year, at £50 per week),	2,600	0	0
Cr. By amount of cash paid for goods during the same period,	2,275	0	0
	<hr/>		
Gross profit for one year,	325	0	0

Persons who cannot show a Dr. and Cr. account of cash received and paid, as above, must estimate their profits by a per-centage on the extent of business done: for instance, $12\frac{1}{2}$ per cent. on £50 per week (or £2,600) would show the same profit, viz., £325; but in either case their income is subject to the following:—

DEDUCTIONS ALLOWED BY ACT OF PARLIAMENT.

	£	s.	d.	£	s.	d.
Two-thirds of rent of business premises, at £50 for one year,	33	6	8			
Board and wages of one assistant, at 16s. per week, for one year,	41	12	0			
Keep of one horse, at 16s. per week, for one year,	41	12	0			
Paid for turnpikes for one year,	5	0	0			
Carriage of goods for one year,	5	10	0			
Repairs of cart for one year,	4	4	0			
Repairs of business premises for one year,	7	0	0			
Purchase and repairs of utensils in trade for one year,	5	0	0			
Gas for one year,	12	0	0			
Bad debts in trade for one year,	13	12	0			
Various other miscellaneous articles used in trade for one year,	4	10	0			
Life assurance, or deferred annuity, for the benefit of wife or children (being one-sixth of annual income, as allowed by Act of Parliament),	21	13	4			
	<hr/>			195	0	0
My income for the year ending 5th April, 1860, is	130	0	0			
	<hr/>			L 3		

All incomes arising from trades or professions are to be estimated upon an average of three years, as follows:—

Profit for the year ending 5th April, 1858,	£100
Do. 5th April, 1859,	60
Do. 5th April, 1860,	130

The nett profit for three years, is £290

Although the profit for the year 1860 is £130, yet the average for the three years being only £96 13s. 4d., the party is not liable.

Observe.—All these deductions are such as the Act of Parliament allows; but the *exact* amount of each item must be regulated in accordance with the expenses really incurred by the party making the return; and it is absolutely necessary, when appealing against the tax, to tender the books and vouchers to the Commissioners for their inspection. In all partnership concerns, each partner, by giving notice on the return paper, can claim to be separately assessed.

With regard to the deduction on account of “rent of premises,” the amount is not *necessarily* two-thirds as stated above. The Act restricts the allowance to a sum “*not exceeding* two-thirds,” but the exact proportion is determined by the Commissioners, according to the circumstances of each case.

The allowance for repairs of premises is to be restricted to an amount not exceeding the sum *usually expended* for such purposes, *according to the average of three years*.

The allowance for supply or repairs of implements, utensils, or articles employed for the purposes of the trade or manufacture, is also to be restricted to an amount not exceeding the sum *usually expended* for such purposes, *according to the average of three years*.

The allowance for gas is confined to the amount paid for that which is consumed for *business purposes*

only, exclusive of what is consumed on the same premises for domestic purposes.

The allowance for bad debts is restricted to those only or such part thereof, *as shall be proved to the satisfaction of the Commissioners to be really bad*. Such debts as come under the denomination of *"doubtful"* debts may, however, be charged *according to their estimated value*.

It will be observed that the above statement is drawn out under the supposition that a payment on account of life insurance may be claimed as a deduction *for the purpose of obtaining total exemption*. This is directly at variance with the 54th section of the 16th and 17th Vic., cap. 34, which expressly enacts, that no deduction or abatement in respect of any annual premium paid for life insurance shall *entitle any person to claim total exemption, or any relief from duty, on the ground of his profits and gains being thereby reduced below £100 or £150, as the case may be*.

N.B.—In the concluding paragraph, headed "*Observe*," it is erroneously stated as "*absolutely necessary to tender the books*," &c., &c. The best course for the appellant is to wait till they are asked for, so as not to incommode himself by carrying about books which he will probably not be called upon to produce.

The remark about partnership concerns is incorrect. Partners can only be *separately assessed for the purpose of claiming exemption from the duties, or of accounting for separate concerns for the purpose of setting off the loss sustained in one concern in the nature of trade, against the profits acquired in any other such concern*.

ILLUSTRATIVE CASES—SCHEDULE D.

Salary of
£80, the
person hav-
ing other
sources of
income.

CASE 1.—A clerk is assessed in the sum of £80,—the salary he receives from his employer. He claims exemption on the ground that the amount is under £100, admitting, however, that he has other sources of income making his total income over £100. The assessment is confirmed, and appellant informed that his *total income from all sources* must be under £100 to entitle him to exemption.

Incomes of
foreign con-
suls.

CASE 2.—The French consul at ———, is charged in the sum of £100, in respect of certain emoluments of his office. He contends that being a foreign subject, and deriving his income in virtue of his employment by a foreign government, he is not liable to Income Tax. He states, for the information of the Commissioners, that his salary is £200, and that he earns in addition £100 from fees acquired in this country, and that the salary is the only payment he receives from his government. The Commissioners, being of opinion that the *profits or fees gained in this country* are chargeable with duty, confirm the assessment.

Appeal by
a surgeon.

CASE 3.—A surgeon makes no return, and appeals against an assessment of £600. He produces an account for the preceding year only (instead of for the three preceding years), and the Commissioners being satisfied with his statement that the amount of his business year by year varies but little, hear the appeal.

The following is the account as rendered and revised:—

Gross amount of receipts in the year,	£870
Net profit,	£445

	Deductions claimed therefrom.	Deductions allowed.
	£	£
Drugs,	70	70
Keep of three horses,	120	100*
Assistant,	100	100
Rent, two-thirds,	50	20†
Bad debts,	85	50‡
	<hr/>	<hr/>
	425	340
By balance,	445	530
	<hr/>	<hr/>
	870	870

The account, as revised, showing a profit of £530, the assessment is confirmed at that amount.

CASE 4.—*Millers (Steam Mills)*, assessed at £2,000. An account was rendered of the transactions of the three preceding years. The gross totals are shown here:—

133,040 bags of wheat and grain received, at	£	s.	d.
Balance,	130,612	10	0
	11,307	0	0
	<hr/>		
Produce of that quantity of grain,	141,919	10	0
Gross profit,	11,307	0	0

* Only two horses were kept exclusively for the purposes of appellant's profession, the third horse *being only partly so used*.

† Only one room of appellant's house was used in connexion with his profession.

‡ It was not proved that the fair average would exceed £50 a-year.

Deductions Claimed.	£	Allowed.	£	Explanations
Rent of mill,	1,250	1,250		
Insurance of mill and machinery,	112	—		} Not allowed by the Act.
Depreciation in value of machinery,	185	—		
Wages of foremen,	520	520		
Do. clerks,	1,660	1,660		
Do. men,	2,036	2,036		
Keep of horses,	360	360		
Stationery, &c.,	50	50		
Bad debts proved,	400	400		
	<u>6,573</u>	<u>6,276</u>		
Balance,	4,734	5,031		
	<u>£11,307</u>	<u>£11,307</u>		

Three years' profit, according to revised statement, £5,031; yearly average, £1,677, to which amount the assessment is reduced.

Appeal by
builder.

CASE 5.—Builder assessed at £450. He presented an account for the three preceding years.

1860. Gross amount of work done,	£ 3,221
Cost of materials used,	2,170
Balance,	<u>1,051</u>
	<u>3,221</u>
1861. Gross amount of work done,	3,304
Cost of materials used,	2,014
Balance,	<u>1,290</u>
	<u>3,304</u>
1862. Gross amount of work done,	3,519
Cost of materials used,	2,130
Balance,	<u>1,389</u>
	<u>3,519</u>
Balance, 1860,	1,051
Do., 1861,	1,290
Do., 1862,	<u>1,369</u>
Gross profit for the three years,	<u>£3,730</u>

DEDUCTIONS FOR THE THREE YEARS.

	Claimed.	Allowed.	Explanation.
Rent of workshops, . . .	£150	£150	
Wages,	1,964	1,964	
Carriage of materials, . . .	75	75	
Wear and tear of trade utensils, and average cost of new, . . .	81	81	
Bad debts proved,	270	270	
Keep of three horses,	93	61	Only two horses are used exclusively in the business, and the stable-boy is kept to attend to the horse used for private purposes.
Stable-boy's wages,	12	—	
	<hr/> 2,645	<hr/> 2,601	
Balance,	1,085	1,129	
	<hr/> £8,730	<hr/> £3,730	

Three years' profits, according to revised statement, £1,129.

Yearly average, £376 6s. 8d., to which amount the assessment is reduced.

CASE 6.—Linendraper assessed at £800. Appeal by linendraper
He had been in business *only one year*, and produced the following account for the period :

Gross total of sales from April 1, 1861, to April 1, 1862, .£5,104	Cost of goods sold, .£4,082 Balance, . 1,022
	<hr/>
Gross profit realized, .£1,022	£5,104

Deductions Claimed.	Deductions Allowed.	Explanations.
Two-thirds of rent, . . . £80	£80	
Shop assistants, . . . 154	154	
Carriage of goods, stationery, gas, 35	35	
Repairs of premises, . . . 70	20	{ Only average yearly repairs allowable.

Deductions Claimed.		Deductions Allowed.	Explanations.
Fire insurance and incidental expenses,	£ 20	£ —	Inadmissible as deductions.
Personal expenses in travelling,	5	—	
	<hr/>	<hr/>	
	364	289	
Balance,	658	733	
	<hr/>	<hr/>	
	£1,022	£1,022	

Reduced from £800 to £733, the profit according to revised statement.

Appeal by
iron and
steel mer-
chants.

CASE 7.—Iron and steel merchants, assessed at £600. The following account was rendered of their business transactions for the three preceding years:—

	£	s.	d.
1860. Iron and steel sold.*—Profit thereon,	1,737	5	0
1861. Do. do. do. .	1,238	15	0
1862. Do. do. do. .	853	0	0
	<hr/>		
Three years' gross profit,	£3,829	0	0

Deductions Claimed.		Allowed.	Explanations.
	£	£	
Rent of warehouses and wharf,	825	825	
Clerks' wages,	510	510	
Waggoners' wages,	308	308	
Three horses' keep,	347	347	
Gas and coals,	75	75	
Postage, stationery, stamps, &c.	135	135	
Repairs of waggons, carts, &c.	185	185	
Parochial rates,	83	—	Inadmissible.
Taxes,	60	—	
Discount of bills by bankers,	272	272	
Bad debts, £477			
Less dividend, 82			
	<hr/>	<hr/>	
	445	445	
Capital withdrawn,	300	—	Inadmissible.
	<hr/>	<hr/>	
	£2,965	£2,522	
Balance,	864	1,307	
	<hr/>	<hr/>	
	£3,829	£3,829	

* The details,—viz., quantity, and profit per ton—were explained to the Commissioners at the time of the appeal.

Three years' profits, according to revised statement, £1,307.

Yearly average, £435 13s. 4d., to which amount the assessment is reduced.

CASE 8.—A butcher appeals against an assessment of £500 in respect of his business. He furnishes a statement of his receipts and expenditure for each of the three preceding years, and claims to be assessed on the average net profit it exhibits.

Case of appeal showing the deductions allowed and disallowed from profits in trade.

FIRST YEAR'S ACCOUNT.

		<i>Per Contra.</i>
Gross amount of sales in the year, . . .	£9,938	Amount paid to dealers and others for beasts, sheep, &c., . . .
		£8,950
Gross profit, . . .	£988	Balance, . . .
		988
		£9,988

Deductions Claimed.		Deductions Allowed.		
	£	£	s.	d.
Rent of houses and premises, . . .	80	53	6	8*
Men's wages, . . .	248	248	0	0
Domestic servant, . . .	25	—		†
Keep of four horses, wear and tear of harness, shoeing, &c., . . .	120	90	0	0‡
Housekeeping expenses, . . .	150	—		§
Bad debts, . . .	150	50	0	0||
Gas, . . .	18	10	0	0¶
Rates and taxes, . . .	25	—		**
	816	451	6	8
Balance, . . .	172	526	13	4
	988	988	0	0

* No amount exceeding two-thirds of rent is allowed by the Act.

† Not connected with the business.

‡ Only three horses used exclusively in the business.

§ The Act only authorizes expenses connected with the carrying on of the trade—this item is an expenditure of profit.

|| Debts to the amount of £50 only were proved as bad.

¶ Only the gas used in the business allowed.

** Not authorized by the Act.

Profit, £172 (as per appellant's statement).

Profit, £526 13s. 4d., as per statement after revision.

The account similarly made out for the two following years shows the net profit to be, respectively, £180 and £210—the average of the three years being £197 6s. 8d.; and after revision £550 and £510—the average being £528 17s. 9d., at which sum the assessment is confirmed.

Appeal by
woollen
cloth ma-
nufacturer.

CASE 9.—A woollen cloth manufacturer who was assessed at £650, appealed and produced the following statement to the Commissioners, having been in business for one year only:—

£		£	
Cash received on sales,	7,800	Stock on hand (cost price),	500
Stock on hand end of year (cost price),	300	Paid for wool (as per vouchers produced),	4,917
		Do. for scribbling, wages, oil, dye, &c. (as per vouchers produced),	2,154
		Rent of warehouse,	25
		Wear and tear of implements,	10
		Balance (profit),	494
	<hr/> £8,100		<hr/> £8,100

The Commissioners being satisfied with this statement, reduced the assessment to £494 accordingly.

Business
carried on
for six
months
only, ad-
joined till
end of year

CASE 10.—Of a grocer who was assessed on his own return of £200. It transpired that he had only been in business six months, dating from April of the same year. He had made the return on a rough estimate of the business of three months, and from subsequent

experience considered it to be excessive. As for appeal the means of forming a correct estimate were under 133rd section. uncertain and insufficient, the case was adjourned till the end of the year (under the 133rd section 5 and 6 Vic., c. 35), when the appellant was directed to furnish an account of the actual transactions of the year.

CASE 11.—A clergyman, keeping a private Clergyman keeping a school, is assessed for his profits from that source in the sum of £550. On appeal he produces the following statement:—

	£	s.	d.
Profits from a living,	500	0	0
Three pupils at 100 guineas per annum,	315	0	0
Twelve at fifty guineas,	630	0	0
Day scholars,	70	0	0
Profit from books,	7	10	0
	1,522	10	0
Deduct first item as charged in another way,	500	0	0
	1,022	10	0
To balance,	97	16	8
	1,120	6	8

<i>Per Contra.</i>	£	s.	d.	<i>Allowed.</i>	£	s.	d.
Board and lodging of three pupils,	189	0	0	94	10	0*	
Do., of twelve do.,	378	0	0	378	0	0	
Salary and board to assistant,	110	0	0	110	0	0	
Two additional servants,	60	0	0	30	0	0†	
Repairs,	383	6	8	—	—	‡	
Taxes ⁽¹⁾ , furniture ⁽²⁾ , interest ⁽³⁾ ,	50	0	0	—	—	§	
	1,120	6	8	612	10	0	
By loss by school,	97	16	8	—	—		

* It was found, on investigation, that not more than half the amount claimed could be supported by proof.

† The appellant kept four servants, and he admitted that he had kept three before he commenced the school, and would require the services of three if it was discontinued. The cost of one servant only was therefore allowed, as a part of the school expenses.

‡ The repairs, so called, were found to refer to the erection of a school-room and enlargement of the house; and, therefore, treated as an outlay of capital.

§ ⁽¹⁾ Taxes are not authorized deductions under the Act.

By the account as revised,—that is, deducting the allowances (£612 10s.) from the gross receipts (£1,022 10s.),—the profit is shown to be £410, and the assessment is, therefore, reduced to that sum.

N.B.—The income derived from the living (£500) is chargeable under Schedule A.

Life
insurance
premiums.

CASE 12.—Of a clerk who is charged £102 in respect of a salary. He appeals, and claims total exemption on the ground that he has no other income than his salary, and that the amount is reduced below £100 by the yearly payment of a life assurance premium of £7. The deduction of £7 is allowed, the assessment being reduced to the duty on £95, which, appellant is informed, he must pay, as the Act *does not intend that total exemption shall be granted, because the effect of deducting the amount of the premium reduces the total income below £100.*

Voluntary
contribu-
tions.

CASE 13.—The minister of an Independent chapel appeals against an assessment at £200, in respect of the emoluments of his profession. He states that the rents of pews amount to only £120, and he contends that that is the only sum assessable, as his income beyond the rents is voluntary and uncertain, consisting of contributions and gratuities, and, as such, not chargeable with duty. The Commissioners being of opinion that *every portion of a person's income, however derived, is assessable, confirm the assessment.*

(²) The furniture was an outlay of capital. (³) The appellant is chargeable for the interest *on behalf of the person to whom it is payable, and from whom he may deduct the tax when he pays the interest.*

CASE 14.—A factor returns the profits of his general trade on an average at £6,700, and claims the following deductions:—

1st. Loss sustained by the sale of public stock, the price being lower than when bought in.

Case of losses claimed which are inadmissible.

2nd. By the failure of his interest in a canal, and for money advanced beyond the original purchase-money.

The Commissioners decided that these *were not losses in his trade*; but losses arising from an employment of his capital in concerns wholly unconnected with it, and therefore could not be set against the profits derived therefrom.

CASE 15.—Two persons are partners as solicitors; one of them, owing to speculations in mines, becomes bankrupt; and the other, being his surety in a certain transaction, is compelled to pay £1,500, which sum he claims to deduct from his profits as a solicitor. The Commissioners reject the claim; and consider it as a loss not incurred in the course of his profession, but as one which arises from an improvident trust and confidence in his partner, and wholly unconnected with it.

The same.

CASE 16.—The loss sustained by a banker, who had confided a sum to his clerk, not in the course of business, which he embezzled, was regarded by the Commissioners as one of a similar character.

The same.

CASE 17.—An officer in a public office deposits his salary with a banker, who fails; he is not entitled to a deduction on account of the loss he may thereby sustain.

The same.

Case of
losses
claimed
which are
inadmis-
sible.

CASE 18.—Certain oil mills are burnt down, and the owner claims a deduction from the profits of his trade, for the loss thereby sustained.

The Commissioners reject the claim. It is a loss of capital.

The same.

CASE 19.—A maltster ships malt at Ipswich for London to the amount of £500, at which price it has been sold, and the ship is lost; he claims the whole as a deduction from the balance of his profits of trade.

The actual loss sustained by him is the cost of the malt, the expected profit not being a loss but a deprivation of profit, and as he has not included that expected profit in his account of receipts, he cannot deduct it.

The deduction, however, to be allowed is the average for one year on the three preceding years, his profits being calculated on a similar average.

If this is his only loss, and the cost be £300, he will deduct £100, which he may again do for the second and third years.

Case of
debts im-
properly
claimed.

CASE 20.—A person makes no return of his book debts, on the plea of not knowing what proportion he might deem good. The Commissioners call for a statement of them, and add the whole amount to the account, there being reasonable grounds to suppose all are recoverable.

The same.

CASE 21.—A makes no return of certain debts owing by one who had stopped payment, but the condition of whose affairs had not been ascertained. This is no proof of the debts being irrecoverable or desperate, and the deduction is disallowed.

CASE 22.—Another person, under similar circumstances, brought proof that his debtor was bankrupt, and it was *thought* would not pay more than one-eighth in the pound, and he accordingly included only that proportion in his account. Case of debts improperly claimed.

The whole sum he is entitled to receive must be assessed, *and relief given when the actual loss* has been ascertained.

CASE 23.—A person made his return of “no profits,” in a trade of great extent. The same.

The Commissioners required a schedule of profit and deductions, and he claimed therein a deduction of the sum of £100,000 on account of property locked up, as he termed it, in one of the French islands, a sum sufficient to cover ten years’ profits.

The Commissioners regarded it as an adventure, separate and distinct from his trade, on which no profit had accrued, on account of the detention of the payment, and considered, therefore, that it could form no part of the account produced, which ought to be wholly composed of the transactions specially connected with his business. Consequently they struck it off.

CASE 24.—On a question whether book debts, that is, recoverable debts not paid, were chargeable for the year in which the assessment was made, the Commissioners determined they were. The same.

CASE 25.—From an income of £200 the proprietor has set apart £80 per annum for the payment of his debts, and claims a deduction to that amount; but the Commissioners reject The same.

the claim, and charge him on £200. This is an expenditure of his income, not a diminution.

Case of
debts im-
properly
claimed.

CASE 26.—A person being assessed, assigned his property and effects to trustees for payment of his debts; the trustees claimed to be discharged, but the claim was disallowed. The Act charges the receiver of the profits without reference to their application afterwards, and in a change of title or possession preserves the legality of the assessment, and fixes the liability on the actual receiver of the income.

Land
Steward
or Bailiff
claims to
be not as-
sessable.

CASE 27.—A land steward or bailiff, who was charged at £160—his salary for managing an estate—contended that the amount was not assessable, as it was paid out of the profits of the estate without any deduction being allowed for it. He was informed that land is charged on an artificial rule, by which the cost of management is specially prohibited from consideration, and that as his salary is a profit acquired by diligence and labour merely, it becomes chargeable under Schedule D.

Also
Receiver
under the
Court of
Chancery.

CASE 28.—If a receiver appointed by the Court of Chancery to manage the estate of a ward of the Court, paid a salary out of the rents. Decision similar.

SCHEDULE E.

Appeal by
Union
Chaplain.

CASE 29.—The Chaplain to the Union of —, is assessed in £60, the total salary which he receives. He appeals, and claims a deduction of £10 for travelling expenses. The Commissioners being satisfied that such expenses are *necessarily incurred*, the assessment is reduced to £50.

CASE 30.—The Clerk to the Justices of Appeal — is assessed on the total amount of fees ^{by Clerk to Justices.} received in the previous year, viz., £230, and claims a deduction of £60 for a salary paid to his clerk. The deduction is disallowed, the Commissioners being of opinion that the Act 16 & 17 Vic., c. 34, does not contemplate any allowance for the salary of a clerk, whose assistance in the performance of the duties of a public office is rendered necessary to the person holding it *because he has other vocations.*

CHAPTER XIII.

APPEALS UNDER THE 133RD AND 134TH SECTIONS OF THE ACT 5 AND 6 VIC., CAP. 35, FOR RELIEF FROM ASSESSMENTS UNDER SCHEDULE D, IN CASES OF REDUCED PROFITS, DEATH, BANKRUPTCY, INSOLVENCY, CEASING TO CARRY ON TRADE, &c.

THE 133rd section of the original Income Tax Act, as introduced by the late Sir Robert Peel, in 1842, is one of great importance. It is that to which attention is directed by Mr. John Gellibrand Hubbard, M.P., in the letter inserted as a note in the Preface to this volume. A more extensive acquaintance with its object would tend to remove an unfounded prejudice against the Income Tax Law. There is a very general impression that, after a return of profits for assessment under Schedule D has once been made, the whole year's duty must be paid, and if paid, that no part can be recovered, notwithstanding unforeseen circumstances, which may seriously reduce the amount returned, should subsequently occur.

It will be borne in mind that the return required to be made under the Income Tax Act is the amount of the anticipated profits of the current year, estimated according to the average actual profits of the three years preceding. Consequently it must be an assumed amount, and on ascertaining the results of the year's operations, such amount may prove to be more or less than what has been already returned. In the former case the Legislature does not interfere by requiring an amended return, but in the latter case a remedy is provided by this section of the Act.

It is intended principally to meet the cases of fluctuating profits. There are trades and mercantile concerns which depend on various outward causes, political and natural. It might operate unjustly to assess on the profits of any preceding period; and, as the preceding period is taken only as the criterion of the present year, it is but just that the party should be at liberty, at the end of the year, to resort to the real standard.

Many cases may also arise, without the aid of outward causes, to diminish the profits of the year. If the computation has been made partly on sums expected to be received on contracts of credit, a bankruptcy may intervene to defeat the expectation, and as the loss thus sustained would have been a cause of deduction at the time of assessment, if it then had occurred, it ought subsequently to be allowed.

The appeal is to be made within or at the end of the year of assessment—that is the 5th of April—and therefore the cause of appeal must happen within the year.

The diminution of profit must be shown to have happened in the trade, or concern, the profits of which had been included in the computation on which the assessment was made:—thus, if A has been assessed in his trade of a grocer, *he cannot be relieved on account of a loss sustained by insuring a ship.*

When any person has cause to appeal under this section, he should give notice of his intention to the Surveyor of Taxes for the district, who will take care that he is duly informed when the day for hearing such appeals is fixed.

On account of the importance of this section, it is quoted in full:—

“ And be it enacted, that if within or at the end of the year current at the time of making any assessment under this Act, or at the end of any year when such assessment ought to have been made, any person charged to the duties contained in Schedule D, whether he shall have computed his profits or gains arising as last aforesaid on the amount thereof in the preceding or current year, or on an average of years, shall find, and shall prove to the satisfaction of the Commissioners by whom the assessment was made, that his profits and gains during such year for which the computation was made, fell short of the sum so computed in respect of the same source of profit on which the computation was made, it shall be lawful for the said Commissioners to cause the assessment made for such current year to be amended in respect of such source of profit, as the case shall require, and in case the sum assessed shall have been paid, to cer-

tify under their hands to the Commissioners for Special Purposes at the Head Office for Inland Revenue in *England*, the amount of the sum overpaid upon such first assessment, and thereupon the said last-mentioned Commissioners shall issue an order for the repayment of such sum as shall have been so overpaid, and such order shall be directed to the Receiver-General of Inland Revenue, or to an Officer for Receipt or Collector of the Duties granted by this Act, or to a Distributor or Sub-Distributor of Stamps, and shall authorize and require the repayment of the said sum so overpaid as aforesaid, in like manner as is hereinbefore provided with respect to the allowances to be granted under No. 5 of Schedule A of this Act."

The mode of relief pointed out by this section is carried still further by the following, or 134th section of the same Act:—

"And be it enacted, that in case any person charged to the said duties under Schedule D, whether the computation thereon shall have been made on the profits of one year or on an average, as herein allowed, *shall cease to exercise the profession, or to carry on the trade, employment, or vocation, in respect whereof such assessment was made, or shall die, or become bankrupt or insolvent, before the end of the year for making such assessment, or shall from any other specific cause be deprived of or lose the profits or gains on which the computation of duty charged in such assessment was made, it shall be lawful for such person, or his executors or administrators, to make application to the Commissioners for General Purposes of the district, within three calen-*

dar months after the end of such year, and on due proof thereof to their satisfaction, the said Commissioners shall cause the assessment to be amended, as the case may require, and give such relief to the party charged, or his executors or administrators, as shall be just; and in cases requiring the same, the said Commissioners shall direct, in manner before mentioned, repayment to be made of such sum as shall have been overpaid on the assessment amended or vacated: Provided always, that where any person shall have succeeded to the trade or business of the party charged, no such abatement shall be made, unless it shall be proved to the satisfaction of the said Commissioners that the profits and gains of such trade or business have fallen short from some specific cause, to be alleged to them and proved, since such change or succession took place, or by reason thereof, but such person so succeeding to the same shall be liable to the payment of the full duties thereon without any new assessment."

Although the profits may not have fallen short in their general average, yet, if at any period of the year the source of profit is dried up, from that moment the assessment ceases.

The instances given in the clause do not apply equally to all cases.

For example, if a trader dies, and the trade be carried on by a successor, *the profits are not lost*, and consequently no relief can be given, for the duty as to arrears attaches on the representative; and, as to future payments, *on the successor*, agreeably to the rules in the 100th section of the Income Tax Act.

But in case of the death of a person exercising a profession which is carried on entirely by personal exertion, then the profits are lost; under such circumstances there can be no succession.

The relief granted by these two clauses in the Act of 1842 did not contemplate total exemption from duty, but merely a reduction of the assessment. But by virtue of the 30th section of the 16th and 17th Vic., c. 34, quoted below, persons claiming an abatement of the assessment under the above sections (133rd and 134th), and *proving their incomes to be under £100 a-year*, are entitled *to the same relief and repayment* as is provided in the case of persons claiming *exemption* on the ground of their incomes being under that amount.

“Where, on any application for relief or abatement of assessment, in pursuance of the provisions contained respectively in section 133 and section 134 of the said Act of the 5th and 6th years of Her Majesty, chapter 35, and in the 3rd section of an Act of the 14th year of Her Majesty’s reign, chapter 12, it shall be proved to the satisfaction of the Commissioners to whom such application shall be made that the total amount of the income from every source of the person claiming such relief or abatement for the year for which such assessment was made was under £100, such person shall be entitled to the same relief and repayment respectively, as by this Act and the said first-mentioned Act is provided in the case of persons claiming relief on the ground of their respective annual incomes being less than £100 a-year.”

CASE 1.—A corn merchant, who had returned for assessment the sum of £1,000, computed on the average of the three preceding years, and had paid the duty, viz., £1,000 at 9*d.*, appeals at the termination of the year (5th of April), to obtain a partial return of duty, his business having fallen short of his estimate. He produces the following account of his receipts and expenditure *in the year* in question:—

<i>Expenditure.</i>	£	<i>Receipts.</i>	£
Amount paid for corn purchased, from April, 18—, to April, 18—, .	17,848	Amount of sales effected from April, 18—, to April, 18—, .	19,020
To balance, . . .	1,372	Stock in hand, . . .	200
	<hr/> 19,220		<hr/> 19,220
Rent of stores, . . .	40	By gross profit, . . .	1,372
Travelling expenses (necessarily incurred),	100		
Men's wages, . . .	152		
Keep of horses, . . .	85		
Bad debts (proved) . .	311		
	<hr/> 688		
To balance, . . .	684		
	<hr/> £1,372		<hr/> £1,372
		By net profit, . . .	£684

The account being satisfactorily made out, and the items proved, repayment is ordered of the duty on the difference between £684 and £1,000.

CASE 2.—The proprietor of an hotel, who made a return of £500, and paid the duty thereon, on an estimate of the three preceding years, prefers an appeal at the end of the fiscal year, under the 133rd section, claiming a return of alleged overpaid Income Tax.

He produces the following account of *the year's* transactions:—

Total gross receipts from 5th April, 18—, to 5th April, 18—,			£2,050
Deduct cost of liquors, wines, &c., sold (supported by invoices),			1,200
			<hr/> £850
	Deductions claimed.	Deductions allowed.	
Rent (two-thirds),	£80	£80	
Board and wages to waiters and others,	170	170	
Purchase of two cabs,	80	—*	
Repairs to cabs,	20	20	
Loss of horse,	85	—†	
Hay, corn, straw, &c., purchased,	120	120	
	<hr/> 505	<hr/> 390	
Balance,	345	460	
	<hr/> £850	<hr/> £850	

He claimed a return of Income Tax on the difference between £345 and £500. The account, on revision, exhibiting a profit on the year of £460; the tax on £40 only is ordered to be repaid him.

Appeal under the 133rd section, where no return has been made, inadmissible.

CASE 3.—A person who made no return, and was charged on £600 for his profits as a physician. He paid the first moiety of the duty, and at the end of the year (after the 5th of April), preferred an appeal under the 133rd section, producing an account of his receipts and expenditure *in the year* then ended, which exhibited a profit of only £400. His appeal was not entertained on the ground that the clause in question is only available to those persons who, HAVING MADE RETURNS ON AN estimate of preceding years, find at the end of the year that their actual profits have fallen short of such estimate, wholly or in part, as the case may be.

* An expenditure of capital. † A loss of capital.

CHAPTER XIV.

APPEALS BY FARMERS FOR RELIEF FROM ASSESSMENTS, SCHEDULE B, IN CASE OF DIMINISHED PROFITS, UNDER 14 VIC., CAP. 12, SEC. 3, AND 16 & 17 VIC., CAP. 34, SEC. 46.

ACCORDING to the original Income Tax Act, farmers were assessed for the profits of their occupation under Schedule B, at a sum equivalent to half* their rent and tithes. This was assumed to be a fair mode of computation in average years.

Complaints, however, were made from time to time, as to their being debarred from all opportunity of relief, even in cases of unusual loss and misfortune.

In 1851 the Legislature decided upon placing farmers upon the same footing as persons engaged in trade, or exercising professions, and by the following section (3rd) in the 14th Vic., cap. 12, they were permitted to appeal at the end of the year:—

“If at the end of the year of assessment of the said duties under this Act, any person occupying lands for the purposes of husbandry only, and obtaining his livelihood principally from husbandry, who shall have been assessed in the said year to the duties chargeable under Schedule B of the said first-recited Act (5 & 6 Vic., c. 35), in respect of such lands, shall find, and shall prove to the satisfaction of the Commissioners by whom the assessment was made, that his profits and gains arising from the

* In Ireland and Scotland, *one-third*.

occupation of such lands during the said year, fell short of the sum on which the assessment was made, it shall be lawful for the said Commissioners, upon appeal made to them in that behalf within three calendar months after the expiration of the said year, and of which notice in writing shall be given to the Surveyor of Taxes for the district, to cause an abatement to be made from the amount of the said duties charged on such appellant proportionate to the deficiency of his said profits and gains; and in case the whole sum assessed shall have been paid, the amount of the sum overpaid shall be certified and repaid in like manner as is provided by section 133 of the said first-recited Act (5 & 6 Vic., c. 35), in the case of any overpayment of the duties assessed under Schedule D of the same Act."

By the following section (46) of the 16 & 17 Vic., cap. 34, the relief granted above is extended to persons occupying lands as tenants for the purposes of husbandry only, *although they may not obtain their livelihood principally from husbandry*, as well as to any person occupying lands for the purposes aforesaid, *being the owner thereof*, and obtaining his livelihood *principally from husbandry*:—

"The relief granted by the third section of the Act of the thirteenth and fourteenth years of Her Majesty, chapter twelve, to persons occupying lands for the purposes of husbandry only, and obtaining their livelihood principally from husbandry, shall be extended and granted to every person occupying lands as tenant thereof for the purposes of husbandry only, although he may not obtain his livelihood prin-

cipally from husbandry, as well as to every person occupying lands for the purposes aforesaid, being the owner thereof, and obtaining his livelihood principally as aforesaid."

When the day for hearing appeals under these sections is fixed, the following notice is affixed on the church-doors in the usual manner:—

INCOME TAX.

County of —, district of —, parish of —.

Notice is hereby given, that the Commissioners for General Purposes acting in and for the said district, will meet on —, the — day of — next, at —, at — of the clock in the — noon, for the purpose of hearing and determining appeals of persons occupying land as tenants thereof, for the purposes of husbandry only; and also, of persons occupying lands for the purposes aforesaid, being the owners thereof, and obtaining their livelihood principally from husbandry, assessed in the said parish for the year ended the 5th day of April, 1863, to the duties chargeable under Schedule B of the Act 16 & 17 Vic., cap. 34, who find that their profits and gains arising from the occupation of such lands during the said year, have fallen short of the sum on which such assessments were made, and who shall have given notice in writing of such their intention ten days before the day of appeal, to Mr. —, the Surveyor of Taxes, residing at —

Dated this — day of —, 1863.

————— { *Clerk to the said*
 Commissioners.

Persons claiming abatement of the assessment under the above-mentioned sections, and proving their incomes from all sources to be under £100 a year, will be entitled, under the 30th section of the Act 16 & 17 Vic., c. 34, *to the same relief as if they had claimed exemption on the ground of their incomes being under that amount.*

As farmers very commonly make up their accounts for the year from Michaelmas to Michaelmas, no ob-

jection will be offered to the reception of accounts on appeals under these sections, if made up to that date, or to any other day on which they have been usually made up.

The following case will sufficiently illustrate the kind of statement required by the Commissioners.

Illustrative Case.

The tenant of a farm assessed at £360 (rent £300, tithes, £60), having paid the duty, viz., £360 at $4\frac{1}{2}d.$ (or £186 at $9d.$), appeals at the end of the year, to obtain repayment, having experienced losses through a bad season. He produces the following statement of his receipts and expenditure during the year:—

<i>Payments.</i>		<i>Receipts.</i>	
	£		£
One year's rent,	300	Sheep sold,	182
Tithes,	60	Cows, produce of,	26
Labour,	209	Wool sold,	36
Seed, wheat, barley, &c., . .	80	Barley,	192
Blacksmith, carpenter, and		Wheat,	257
harness-maker,	29	Beans and oats,	90
Manure,	25	Grain in stock,	50
Hurdles,	4	Produce of farm used for sub-	
Sheep purchased,	180	sistence of self and family,	70
	—		—
	887		
Profit,	16		
	—		
	£903		£903

The Commissioners accepting this account, which is supported by vouchers and a farm account-book regularly kept, discharge the assessment, and order the repayment of the duty to the appellant.

CHAPTER XV.

COLLECTORS AND COLLECTION OF TAXES.

THE Collectors in England were invariably appointed by the Commissioners for General Purposes or District Commissioners, until the passing of the Act 17 & 18 Vict., cap. 85, in the year 1854. This Act gives the Commissioners of Inland Revenue power, in any case, and whenever they shall think fit, to appoint Collectors for any parish, where difficulty may arise in finding suitable persons, able and willing to give the requisite security to perform the duties of the office.

When Collectors are appointed in this manner the parish is relieved from all responsibility, in case any default should arise. The power vested by this Act in the Commissioners of Inland Revenue has not hitherto been extensively exercised, and therefore the Collectors are still, as heretofore, with few exceptions, appointed by the District Commissioners. When so appointed, the parish is liable to make good to the Crown any loss that may occur through the failure or absconding of the Collector. Such being the state of the law, it is desirable that the Collectors should, for the most part, be called upon to provide sureties for the due security of the parish. The *initiative* in this matter may be said, practically, to rest with the parish itself, and the parochial authorities should, if they require the Collectors to give security, make an intimation to that effect to the Commissioners of the

district, who will then call upon them to nominate sureties, and direct their Clerk to prepare the requisite bond, which is *free of stamp duty*. It should be borne in mind that the bond *is in force for one year only*, and must, therefore, be *renewed annually*.

In Scotland the Collectors are appointed by the Lords of the Treasury, and in Ireland by the Special Commissioners.

All Collectors are required (if the Commissioners shall think fit) to give good and sufficient security to them for duly paying over such sums of money as shall from time to time come to their hands; and in failure thereof, the Commissioners may appoint other persons to be Collectors in their stead.

If any person, appointed a Collector, refuses or neglects to take the office, or to perform the duties thereof, he will, for every offence, incur a forfeiture of £20.

By the 176th section of the Act 5 & 6 Vict., cap. 35, the duties are payable by four quarterly instalments. The official year commences on the 6th of April, and the first quarter is due on the 20th of June, the second on the 20th of September, the third on the 20th of December, and the fourth on the 20th of March. Until a recent period, the Income Tax was collected half-yearly; but it is now, where practicable, collected quarterly. In consequence, however, of the late period of the session at which the Act renewing the Income Tax has been lately passed, it has hitherto been found impossible, in the large towns, to complete the business in time to carry out this arrangement. In the smaller parishes it has been extensively accomplished.

In Ireland the duties are payable at the same periods as in England.

In Scotland they are collected annually on or before the 1st of January.

A duplicate of the certificate of assessment, revised after the conclusion of the appeals, accompanied by a warrant, signed by two Commissioners, is placed in the hands of the Collector as early as possible.

The Collector is authorized to demand payment of each quarterly instalment within ten days after it becomes due.

He is bound to give receipts on a printed form, supplied by the Board of Inland Revenue, and *they are exempt from stamp duty.*

The warrant of a Collector of Taxes is the most summary power known to the law. He is not bound to make more than one demand; and in the event of non-payment after demand made, he is authorized, if he deems it necessary, to distrain upon the person or persons so charged by his or their goods and chattels, either upon the messuages, lands, tenements, and premises charged with any of the said duties, or elsewhere, within his ward, parish or place.

This may be done without any form of process or application to the Commissioners for further powers, *but solely by virtue of the warrant annexed to his duplicate.*

Should impediments be thrown in his way, by refusing him admittance to any premises, he may break open any house for the purpose of taking a distress, after having first obtained a warrant under the hands and seals of two or more Commissioners for that pur-

pose. When he has obtained it, he may call to his assistance the Constable, Tithingman, or Headborough of his ward, parish or place, and these officers are required to aid and assist in making such distress.

Whenever it happens that no sufficient distress can be found to satisfy the duties payable, the Collector is required to cause immediate notice to be given to the Commissioners of the district, in order that they may *issue a warrant to commit the defaulter to the common gaol.*

If any question or difference should arise upon the Collector taking any distress, it is to be determined *by two or more of the Commissioners of the district.*

The Collector's claim overrides *every other, excepting that of the landlord for rent*; and the goods or chattels belonging to any person in arrear cannot be lawfully taken by virtue of any execution, or other process, warrant, or authority, or by virtue of any assignment, on any account or pretence whatever (*except at the suit of the landlord for rent*), unless the party at whose suit the said execution or seizure shall be sued out or made, or to whom such assignment shall be made, shall *before the sale or removal of such goods or chattels pay or cause to be paid to the Collector all arrears of taxes which shall be due at the time of seizing of such goods or chattels, or which shall be payable in the year in which such seizure shall be made.*

The Collector is enjoined to apply to the officer, or person or persons in possession of any goods or chattels, and *to demand payment* of the duties in arrear in all such cases, which include all cases whatever,

where by law the goods of another can be taken or seized, whether by *fieri facias* or other writ of execution for a debt or by, or under commission of bankrupts, or by assignees, or by bill of sale, except the case of a landlord seizing for rent.

The Collector is not empowered to demand more than one year's taxes, even if a larger amount is due; but in case of refusal to pay the duties in arrear to that extent, he is authorized *to distrain the said goods and chattels, notwithstanding such seizure or assignment, and proceed to a sale*, and for so doing he is indemnified by the Acts of Parliament.

The tenant for the time being is liable to the taxes becoming due, notwithstanding any change of occupation, and he is empowered to deduct the amount *out of the first payment of rent*.

It has been already stated in the chapter treating of the assessments under Schedule A, that the assessment upon houses under the annual value of £10 is to be made on the landlord; but if the duty shall not be paid by the landlord, the Collector may recover it from the occupiers.

It frequently happens that lands may be for a time unoccupied, but the duty is not lost on that account, as the Collector is authorized *at any time after* to enter upon such lands, when any distress is to be found, and he may seize and sell the distress under the same powers as he might have distrained on the same lands *if in the occupation of such person or persons at the time the duties became due*.

This is only so far as regards the duties under Schedule A (the landlord's duty), but any occupation

duty (Schedule B) left unpaid by a previous tenant, cannot be recovered from his successor. It can be enforced against the person from whom it is due at the place to which he may have removed.

In regard to the duties on any houses which are unoccupied for the whole year, or any portion of the year of assessment, the Collector is not to demand payment; but the assessment for such year or portion of the year during which the tenement remained unoccupied, may, upon appeal, be discharged or diminished by the Commissioners, on due proof of the time during which such house has remained unoccupied.

If the duties upon tithes are not paid in due course, the Collector may distrain upon such tithes, or any other goods or chattels of the owner of such tithes, wherever the same shall be found, and he may seize, take, and sell so much thereof as shall be sufficient for the levying the said assessment, as in other cases.

The occupier of lands and premises charged with any composition for tithes, or any rent or payment in lieu of tithes, is made answerable for the duties so charged, and may deduct the same out of the next payment on account thereof.

The duties on tithe commutation rent-charges may, under the 32nd section of the 16 & 17 Vict., cap. 34, be assessed on the owner, and this course is found to save much inconvenience, and is now almost universally followed.

The owner or occupier, or receiver or receivers of any profits of manors or royalties, or of markets or fairs, or on tolls, fisheries, or any other annual or casual profits, not distrainable, is or are answerable

for the duties charged thereon, and may retain and deduct the same out of such profits.

Parents, guardians, or tutors, are liable to pay any duties charged upon infants under the age of twenty-one years.

The executors and administrators of any persons charged to the duties, upon default of payment, are made liable to and charged with the payments which were due from the persons so dying; and in default of payment by executors or administrators, the Collector may proceed to levy the duties on the goods and chattels of the *testator or intestate*.

On the day appointed for the Collectors to account for each quarter's duty, they are bound to deliver a schedule of all persons in default. These schedules remain with the Commissioners of the division for forty days, and the Collectors are to give notice of the schedule to the several defaulters. It will be lawful for every defaulter, within the said period of forty days, to pay any arrears to the Collectors, and at the end of the forty days or sooner, they deliver to the Commissioners a list of sums received from the parties named in the schedule, which will be a sufficient authority to the Commissioners to discharge the arrears so paid from the schedule referred to.

It happens, sometimes, that Collectors advance the taxes, either at the request of persons or otherwise, and the law enables them, in default of repayment, *at any time within the space of six calendar months after such payment*, to levy the said duties by the like ways and methods as they might have levied them before such payment, *and as if such duties had not been paid or satisfied*.

Although the parish is answerable for any deficiency that may arise owing to the failure of a Collector, prompt measures are taken by the executive authorities to guard against loss. If any Collector neglect to pay or account for the duties when due, such failure is at once certified to the Barons of the Court of Exchequer, who are thereupon authorized to issue process of *distringas* against him, for levying issues on his goods and chattels, in such an amount as the exigency of the case shall require.

It is also provided that, in default of payment by any Collector, or in case of his refusal to give an account of the sums collected to the Commissioners for the district, they are authorized by warrant under their hands and seals, to levy such sum and sums of money as he shall have received, and as ought by him to have been paid, upon him by distress and sale of his goods and chattels, and otherwise to proceed against him, and to seize, secure, sell, and dispose of his estates, as well freehold as copyhold, and all other estates, both real and personal, which may belong to him, or to which he may be in anywise entitled, in possession, reversion, remainder, or expectancy, or which shall or may descend or come unto his heirs, executors, or administrators.

Collectors are bound to deliver an account in writing of the sums received by them, and of all arrears, and of the sums remaining in their hands, and of what payments they have made to the Receiving Officer or his deputy, *whenever required to do so by the Churchwardens and Overseers, or Guardians of the Poor, or any two of them, or by any select vestry, or any seven of them*, under a penalty.

The rules and regulations with regard to the levying of distresses by Collectors are as follows:—

By the Act 7 & 8 Geo. IV., cap. 17, the provisions of an Act of the 57 Geo. III., cap. 93, for regulating the costs of distresses levied for payment of small rents, are extended to distresses for taxes, where the whole of the sums sought to be levied by distress shall not exceed the sum of £20.

According to the provisions referred to, any broker or other person levying or receiving from any person, or retaining or taking from the produce of any goods sold for the payment of taxes, any other or greater costs and charges than are set down in the following schedule, or making any charge for any act, or matter, or anything mentioned in the schedule, and not really done, the party aggrieved may appeal to the Justice of the Peace for the city, place, or division, where the distress shall have been made, or in any manner proceeded in, for redress; and such Justice, after examining into the complaint, and hearing both parties, may order and adjudge treble the amount of the moneys unlawfully taken to be paid by the person so having acted to the party complaining, with full costs of the proceedings therein.

SCHEDULE OF THE LIMITATION OF COSTS AND CHARGES ON DISTRESSES
FOR TAXES.

	£	s.	d.
Levying distress,	0	3	0
Man in possession, per day,	0	2	6
Appraisement, whether by one broker or more, sixpence in the pound on the value of the goods.	—		
All expenses of advertisement, if any such,	0	10	0
Catalogues, sale and commission, and delivery of goods, one shilling in the pound on the net produce of the sale.	—		

CHAPTER XVI.

RE-ASSESSMENT OF THE PARISH IN CASE OF DEFAULT ON THE
PART OF THE COLLECTOR.

THE state of the law in regard to the liability of the parish to make good to the Crown any loss that may arise through the bankruptcy or insolvency of a Collector, or through his absconding or appropriating any public money received by him to his own use, is not generally known. When a deficiency occurs from any of the above causes, the Commissioners for the district issue the following summons to two fit and proper persons, inhabitants of the parish, to be appointed Assessors for the purpose of re-assessing the amount:—

INCOME TAX.—RE-ASSESSMENT.

Appointment of Assessors for making Re-Assessment of duties.

To — and —, Assessors of the duties on profits arising from property, professions, trades, and offices for the — of —, in the district of —, in the county of —.

Whereas an arrear of the duties chargeable under the — Schedule — of the Act 16 and 17 Vic., c. 34, for granting to Her Majesty duties on profits arising from property, professions, trades, and offices, for the year ending the 5th day of April, 186—, amounting to the sum of —, has arisen in the —, of — aforesaid, by the default of —, Collector of the said duties for the said —; We the undersigned, being Commissioners of the Income Tax, acting in and for the said district, do hereby, by virtue of the Acts of Parliament enabling us in this behalf, appoint you, the abovenamed — and —, Assessors for making a re-assessment within and upon the said —, for raising the said arrear; and we do hereby strictly

enjoin and require you and each of you, to make a re-assessment within and upon the said —, by charging the said sum of —, on the amount of the assessment for the said —, made for the said duties for the year ending the 5th day of April, 186—, by duly apportioning the amount of such arrear amongst the several persons assessed in the said last-mentioned assessment to the same duties respectively, according to each person's assessment thereof, as nearly as the case will admit; and in making the said re-assessment you are to pursue the like methods, rules, and directions by which the original assessment was made of the same duties. Hereof you will not fail, as you and each of you will answer the contrary at your peril.

Given under our hands and seals at —, within the said district, this — day of —, in the year of our Lord 186—.

{ Commissioners of the
Income Tax.

This re-assessment is divided rateably over the inhabitants of the parish, in proportion to the amount paid by each person under the assessment of the previous year. When the formalities connected with the re-assessment have been duly completed, fresh Collectors are appointed, and the collection is proceeded with in the ordinary manner. It is to be observed, however, that as regards that portion of any re-assessment which falls upon property, *the loss must be borne by the tenant personally*, as the landlord is not bound by law *to allow the amount of the tax out of his rent* more than once in any year, and is not held responsible for the failure of the Collectors appointed by the parish.

The following is the section (174) of the 5th and 6th Vic., cap. 35, which relates to this subject:—

“And be it enacted, that in *England*, the parish or place in which any assessment shall have been made of the duties granted by this Act under any

of the Schedules marked, respectively, A, B, or D, shall be answerable for the amount of the duties which shall have been so charged in such parish or place, and for the said duties being duly demanded of the respective persons charged therewith, according to the regulations contained in the said Acts relating to the duties of assessed taxes, by the Collector appointed for such parish or place, and also for such Collector duly paying the sums by him received to the proper officer for receipt of the said duties, according to such regulations; and any of the arrears to the said duties by this Act granted, caused by or arising from any neglect, default, or failure of any Collector for which any parish or place shall be answerable as aforesaid, shall be assessed within or upon such parish or place as soon after such default shall be discovered as conveniently can be done, and shall be charged on the amount of the assessment which shall be made for the same duties in the year, commencing from the 5th day of *April* preceding the time for making such re-assessment, by duly apportioning the amount of such arrear amongst the several persons assessed in that year in the assessment of the same duties on which such arrear shall have accrued, according to the amount of each person's assessment therein, as nearly as the case will admit, and by the like rules, methods, and directions by which the original assessment was made, to be raised and levied in such manner as any assessment may be by virtue of this Act raised and levied under the regulations of the said Acts respectively."

CHAPTER XVII.

ON CHARGING THE DUTY BY WAY OF DEDUCTION, OR THE RIGHT OF CLAIMING A REIMBURSEMENT OF DUTY PAID FOR AND ON BEHALF OF A SECOND PARTY UNDER ANY ASSESSMENT MADE IN ACCORDANCE WITH THE ACT.

As the principle of the Income Tax Act is to charge all property at its source, a large amount is necessarily paid to the revenue on behalf of others by persons who deduct the duty on payment of rent, interest, ground-rent, dividends, &c., &c. This is termed charging the duty by way of deduction,* and consists in the power which any person, upon whom an assessment may have been made, has of compelling his creditor to pay his proportion of the duty when the sum assessed is liable to a charge for interest, &c. For instance, when a person is assessed in £3,000 profits, and pays £200 interest, he is entitled to retain the duty upon that sum out of the interest which he pays.

The Act imposes penalties in case of refusal to allow the tax out of rent, interest, &c.

* In the Income Tax Act, the word "deduction," is used in three senses:—

1st. As a deduction in making up an account of profits; for instance, where the profits of any person amount to £4,000, and he deducts two-thirds of the rent of his house, his return will be the excess.

2nd. As a deduction to be made by the Commissioners after a person has made his return; for instance, where a tenant returns the annual value to be £200, and also returns £20 land tax paid by the landlord, or that his land is tithe free, then the assessment will be made, not on the full annual value, but on the difference.

3rd. As stated above.

A person *refusing to allow* any deduction authorized to be made out of any payment of annual interest of money lent, or other debt bearing annual interest, *whether the same be secured by mortgage or otherwise*, incurs a forfeiture of treble the value of the principal money or debt.

A person who *refuses to allow* any deduction authorized to be made out of any rent or annual payment, incurs a forfeiture of £50.

Where any mortgagee or other creditor is in possession of the lands mortgaged or secured, the duty payable in respect of the amount of the interest, upon the settlement of the accounts, is to *be taken and allowed as so much money received by the mortgagee, or other creditor, on account of the interest.*

If a mortgagee be in possession, and receive the rents and profits, he can retain the estate *only till the whole of the principal and interest thereon be paid.*

In the account he can charge to the debtor side only the amount of the interest, *minus the duty.* Thus, if the principal be £2,000, at 5 per cent., the interest with which he can debit the rents will be £100 annually, *less the rate of Income Tax in force for each year.*

Persons *liable to the payment* of any rent, or any yearly interest of money, or any annuity or other annual payment, *either as a charge on any property, or as a personal debt or obligation by virtue of any contract*, whether the same be received or payable half-yearly, or at any shorter or more distant periods, are entitled, and are authorized, on making the pay-

ment, to deduct and retain the amount of the tax at the rate of seven pence in the pound.

Persons liable to such payment are to be acquitted and discharged of so much money as such deduction amounts to.

The person to whom the payment is to be made must allow the deduction upon the receipt of the residue of such money, *under pain of forfeiting the sum of £50.*

Any occupier of lands, being a tenant and paying the duty under Schedule A, may deduct the amount of the tax paid by him out of the *first payment of rent.*

Any occupier for the time being of land, &c., who shall pay *arrears of duty due from a former occupier, may deduct and retain the same from any subsequent payment of rent.*

Any occupier of a house let *in different apartments* and paying the duty, or any part thereof, assessed upon the landlord, may deduct it out of *any subsequent payment on account of rent.*

But no tenant or occupier of any property chargeable under Schedule A can deduct *any greater sum than the amount of duty assessed upon, and actually paid by him.*

Cases of misunderstanding between landlord and tenant and others, as to the proper amount of tax to be deducted are, from various causes, of frequent occurrence.—(See *Illustrative Cases*, page 271).

If land is let in any manner, so that the rent reserved is the criterion of assessment, *then the full duty in the assessment is to be deducted, and no more.*

The duty may be *less* than the rate on the rent, wherever any deductions for land tax or rate for draining have been allowed.

Thus, if the rent be £200, and the assessment is made on the rent, *after allowing £20 for land tax*, the deduction should be made on £180; but if no such sum be allowed in the assessment, *then the deduction will be on £200*.

But if land is let in such a manner that the *annual value becomes the criterion*, and that annual value should *exceed the rent*, which is frequently the case, the tenant cannot deduct from his landlord the whole of the sum assessed, *but only the proportion charged on the rent*.

Thus, if a farm was let *more than seven years ago* at £150, and is now valued at £200, the tenant can deduct no more than the duty upon £150 from his landlord, whereas he is assessed in respect of the property upon £200.

In this case the tenant has a *beneficial* lease, and is a partaker with his landlord of the profits of the property, exclusive of the profits of occupation, for during the lease he is *quasi owner of one-fourth part of the property*, since the rent he pays bears only the proportion of *three-fourths* to the value. Consequently he is charged for £50 of the property, as from his contract the landlord takes less from him by £50 than the property is worth, *and for this £50 the tenant pays the duty*.

Where an annuity, yearly interest of money, or other annual payment, is payable out of the profits or gains brought into charge, no assessment is to be

made upon the person *entitled thereto*; but the whole of such profits or gains are to be charged with duty on the person *liable to the annual payment*, without distinguishing such annual payment.

Where any interest, annuity, or other annual payment, is paid out of profits and gains, *bonâ fide* accounted for, and charged under Schedule D, *without deduction*, the Commissioners may grant a certificate, which entitles the person so assessed, upon payment of such interest, annuity, or other annual payment, *to deduct so much as a like rate would amount to*, and the persons to whom such interest, &c., shall be paid are bound to allow such deductions and payments upon receipt of the residue.

Where any trustee, agent, or receiver, guardian, tutor, curator, or committee, is assessed, for the profits of the persons for whom they so act; or where any chamberlain, treasurer, or other officer of any corporation, company, fraternity, or society, is so assessed in respect of such corporation, &c., they may retain so much of the money in their hands as shall be sufficient to pay such assessment. *And they are respectively indemnified for all payments so made.*

The corporations, companies, and persons entitled to annuities, or intrusted with the payment of the annuities, dividends, or shares, payable out of any public revenue in the United Kingdom or elsewhere, shall, *on notice of the amount of each assessment*, set apart and retain the amount of duty assessed for the purposes of the Income Tax Act; and every such setting apart and retaining of the said duties is to be

deemed a payment thereof, by and on the behalf of those entitled thereto; and all persons so entitled are required, on receipt of the residue, to allow such payments at the rate prescribed; and the corporation and persons intrusted as aforesaid, are acquitted and discharged of so much money as if the same had actually been paid to the persons to whom the annuities and dividends belong.

Where lands are subject or liable to the payment of any *rentcharge*, whether under the Act for the commutation of tithes or otherwise, or any annuity, fee-farm rent, rent-service, quit-rent, feu-duty, tiend-duty, stipends to licensed curates, or other rent or annual payment thereupon reserved or charged, the landlords, owners, or proprietors, by whom any deductions or payments have been allowed, being also occupiers and charged to the duties, are to deduct and retain out of every such payment so much of the said duties or payments on account of the same as a like rate of 7*d.* for every 20*s.* of such payment, by a just proportion, amounts to, taking care to deduct, before doing so, the just proportion of the sums allowed by the Commissioners.

The Act confines the power of deducting the duty from those curates *who are licensed by the bishop under a fixed salary or stipend, by which the stipend becomes a charge on the living.*

Every person paying any rentcharge under the Drainage Advances Act, may deduct thereout one-third part of the sum to which the rate of the duty computed on such rentcharge will amount, and the collectors and receivers of such rentcharge are to

allow such deduction on receipt of the residue of the rentcharge then due.

All contracts, covenants, and agreements, made or entered into for payment of any interest, rent, or other annual payment *in full, without allowing the deductions pointed out by the Act, are utterly void; excepting* in the case of proprietors or trustees of canals, inland navigations, streams of water, drains, or levels, or of any roads or ways of a public nature, who having paid the tax, may either deduct a just proportion thereof from the interest payable to the creditors, *or may pay such interest in full, without making such deduction; and the creditors may receive such interest in full without being liable to any penalty.*

ILLUSTRATIVE CASES.

CASE 1.—Farmer assessed on £300, the Assessment present annual value, for land which he holds above rent. by virtue of a lease granted twelve years ago, at a rent of £220 only. He pays the tax on £300; on payment of the rent, however, to his landlord, he can only deduct the tax on £220.

CASE 2.—Tenant of a house, the rent of Ditto. which is £40, is charged (no return having been made) on £50. He neglects to appeal, and having paid the tax on the £50, claims the whole from the landlord, who properly refuses to allow a greater deduction from the rent of £40 than the tax upon that sum.

Rent above
assessment.

CASE 3.—A person occupies a house at a rent of £120. It is, however, only assessed to the Income Tax at £110. On payment of the rent he is, in this case, only empowered to deduct the tax he has actually paid, viz., that on £110.

Deduction
refused by
landlord—
vouchers
for the pay-
ment pro-
duced.

CASE 4.—Certain property is assessed at £75, the duty on which the tenant pays to the Government, and claims the amount from his landlord when he pays his rent (£75), producing as vouchers the collector's receipts. The landlord refuses to allow the deduction from the rent, and thereby renders himself liable to a penalty of £50.

Similar,
excepting
that no
vouchers
are pro-
duced.

CASE 5.—The tenant does not produce the collector's receipts, and the landlord resists the deduction. In this case he appears to be legally justified in so doing, as the Act only authorizes the deduction *after payment by the tenant to the Government*, and it seems reasonable that proof of such payment should be afforded the landlord.

Payment of
arrears of
former
tenant
demanded.

CASE 6.—Of a tenant of a house which he has occupied only a short time, and in respect of which there is owing to the Government the tax due for the preceding year, left unpaid by the previous tenant. He is bound to pay the duty so left in arrear, and is empowered to deduct it from the first amount of rent he may thereafter pay to the landlord.

Deduction
for
mortgage
interest.

CASE 7.—Property occupied by the owner, and assessed at £70. It is mortgaged for £400, the interest paid being £20. On payment of the interest to the mortgagee the

mortgager claims a deduction of the tax on the amount thereof. The mortgagee insists on the payment of the full amount of the interest (£20), and thereby subjects himself to a penalty of £50.

Mem.—The total income of the mortgagee is under £100. The course for him to pursue is to allow the deduction to be made, and to claim the amount from the Government on the Form No. 40.—See page 292.

CASE 8.—A is tenant of an estate of the annual value of £600 under B, who holds it by lease from C, at a rent of £400. C holds it of the dean and chapter of D at the ancient rent of £30, and a fine on renewal.

Property held on lease, and sublet.

ASSESSMENT ON A.

	Value.	Duty.
Schedule A, . . . £600 . . .	£17 10 0	
„ B, . . . 600 . . .	8 15 0	
	<hr/>	
	£26 5 0	

A will deduct from B £17 10s., who will deduct from C £11 13s. 4d., who will deduct from the dean and chapter 17s. 6d.

The dean and chapter may also be subject to an assessment on the fine as casual income, in the year after the receipt.

CASE 9.—A is tenant of a farm at a rent of £800 under B, who has mortgaged his land for £4,000, at 4 per cent., to C, who, by the will of his father, pays an annuity of £10 per annum to an old servant out of the interest.

Property mortgaged and an annuity paid out of the interest.

ASSESSMENT ON A.

	Value.	Duty.
Schedule A, . . . £800 . . .	£23 6 8	
„ B, . . . 800 . . .	11 13 4	
	<hr/>	
Total, . . .	£35 0 0	

A will pay the whole tax, and will deduct £23 6s. 8d. from his landlord (B), who will deduct £4 13s. 4d. from his mortgagee (C), who will deduct 5s. 10d. from the annuitant.

Mem.—If the latter person should be entitled to total exemption, he may recover from the Government a return of the duty so deducted by using the form No. 40.—See page 292.

Salary for collecting rents to be assessed on the person employed, not by deduction.

CASE 10.—A pays £100 per annum to B for collecting his rents, and B deducts and retains his salary every rent-day, and pays the residue to A. B is called upon to return the amount, against which he protests, having allowed the duty to his employer. The Commissioners determine that this is an employment by retainer—that the profit is acquired by B's service, and is not a sum arbitrarily charged on the employer's income, and therefore assess B in the amount.

A gratuitous allowance from a father to a son is not assessable on the son, as it is assumed to be made out of profits charged with income tax, and is essentially voluntary, and not in the nature of a payment for services rendered.

In considering the income of the son with reference to a claim of exemption, it should, however, be coupled with any income acquired by himself, and considered part of his income.

Salary paid out of rents to be assessed on the person employed.

CASE 11.—Any person not a member of a college, receiving a salary for services performed therein, is assessable in his own person for the profit acquired by those services, and consequently will not contribute to the tax paid by the college, by allowing a deduction from that salary; for a college, in the collec-

tion of its rents, or in the support of its establishment, is to be considered as a private person in the expenditure of his income.

CASE 12.—There are certain judicial officers for the administration of justice in the Duchy Court of Lancaster, whose salaries are payable out of the revenue of the duchy, on receipt of which the duty has been allowed to the tenants and lessees, who have been assessed and have paid the tax to Government. Such salaries are not assessable, but a proportional deduction may be made on their payment to reimburse the revenue of the duchy. These appointments are of a public nature, and the salaries paid to the officers constitute a charge on such revenue.

Salaries forming a charge on revenues to be assessed by deduction on payment

CASE 13.—The revenues of the College of — amount to £10,000 per annum, and are divided amongst the provost and fellows in certain shares. After sustaining various incidental expenses, they become subject to an assessment of £291 13s. 4d. (the total duty deducted by the several lessees, &c.), by which sum the amount to be distributed is diminished. The share of each, having sustained its proportion of tax, is not further assessable.

Income from property distributed in shares. Proportional deduction of tax to be made in each case.

CASE 14.—In many corporations there are certain judicial officers for the administration of justice, receiving salaries out of the revenues of the corporations, which have been charged to the duty. In such cases the like deductions may be made on payment. But in any appointment not inherently required for carrying on the primary functions of the concern—such as one for the management of revenues—or

Ditto.

where the salary is not strictly a charge on the revenue of the corporation, &c., the officer is to be assessed for his salary under the general rule.

Income from property distributed in shares. Proportional deduction of tax to be made in each case.

CASE 15.—The preachers, vergers, and others acting under the dean and chapter of —, claim not to be assessed for their salaries or stipends, on the ground that they arise from the rents of lands before charged. As a part of the collegiate body they are not liable to assessment for their stipends, but to a deduction on payment, the property out of which their salaries arise having been already assessed to the Income Tax.

Deduction from annuities.

CASE 16.—A person is trustee for certain property, assessed to the Income Tax, the rent of which he receives, and distributes, less the Income Tax, equally to three annuitants, whose several incomes are under £100 a-year. The annuitants can recover the tax by separately claiming it from the Government, on form No. 40.—See page 292.

Deduction from curate's stipend.

CASE 17.—A rector employs a curate at a stipend of £90, and deducts the tax on that sum on payment. He is empowered to do so in this case *inasmuch as the curate has been licensed by the bishop of the diocese*, by which the stipend has become a charge on the living. If the curate has no other source of income, he can claim from the Government (on form No. 40) repayment of the tax deducted.

Mem.—Where a curate is not licensed, no deduction is authorized by Act of Parliament, and such curates as are liable to assessment become chargeable under the ordinary rules.

CHAPTER XVIII.

LIFE INSURANCE CLAIMS.

THE first provision made for the allowance of the duty on premiums paid for life insurance, &c., was introduced by Mr. Gladstone into the 16 & 17 Vic., cap. 34, passed in the session of 1853.

As this clause—the 54th of that Act—is one of great importance, it is extracted in full, and runs as follows:—

“ Any person who shall have made insurance *on his life or on the life of his wife*, or shall have contracted for any deferred annuity *on his own life or on the life of his wife*, in or with any insurance company which shall become registered under any Act to be passed in the present session of Parliament for that purpose, and which shall comply with the requirements of such Act, and any person who shall, *under any Act of Parliament*, be liable to the payment of an annual sum, or to have an annual sum *deducted from his salary or stipend*, in order to secure a deferred annuity to *his widow or a provision to his children after his death*, shall be entitled to deduct the amount of the annual premium paid by him for such insurance or contract, or the annual sum paid by him or deducted from his salary or stipend as aforesaid, from any profits or gains in respect of which he shall be liable to be assessed under either of the Schedules D or E of this Act, or to have any assessment

which may be made upon him under either of the said schedules *reduced or abated by the deduction of the amount of the said annual premium* from the amount of the profits or gains on which such assessment has been made; or if such person shall be assessed to duties under any of the schedules contained in this Act, and shall have paid such assessment, or shall have paid or been charged with any of the said duties by deduction or otherwise, such person, *on claim made to the Commissioners for Special Purposes, and on production to them of the receipt of such annual payment, and on proof of the facts to the satisfaction of the said Commissioners, shall be entitled to have repaid to him such proportion of the said duties paid by such person as the amount of the said annual premium bears to the whole amount of his profits and gains on which he shall be chargeable under all or any of the schedules of this Act: provided always, that no such abatement, allowance, or repayment as aforesaid, shall be made in respect of any such annual premium beyond one-sixth part of the whole amount of the profits and gains of such person so chargeable as aforesaid, nor shall any such deduction or abatement entitle any such person to claim total exemption, or any relief from duty, on the ground of his profits and gains being thereby reduced below one hundred, or one hundred and fifty pounds, as the case may be."*

Further provision was made by the following clause of the 16th & 17th Vic., c. 91, that such insurance or annuity may be contracted for with an insurance company, existing on the first day of November, 1844, or registered under the Joint Stock Companies Act.

“ Any person who shall have made any such insurance, or contracted for any such deferred annuity as in the said provision mentioned, *in or with any insurance company existing on the first day of November, one thousand eight hundred and forty-four,* or in or with any insurance company registered pursuant to the Act of the session holden in the seventh and eighth years of Her Majesty (chapter one hundred and ten), for the registration, incorporation, and regulation of joint stock companies, shall be entitled to all the benefits and advantages which, by the said provision, are expressed to be given in respect of the like insurance or contract in or with any insurance company which shall become registered under an Act to be passed in the present session* of Parliament for that purpose.”

The benefit of this allowance was extended by the 18th & 19th Vic., cap. 35, to insurances effected with friendly societies. This Act provides that persons insuring or contracting for any deferred annuity, as mentioned in the said Act of 16 & 17 Vic., c. 91, with any friendly society legally established under any Act of Parliament relating to friendly societies, are to be entitled to all the benefits and advantages conferred by the said recited Acts; *provided that the premiums payable in respect of such insurances shall not be made for shorter periods than three months.*

An opportunity is afforded to persons engaged in professions, trades, &c., who make their return upon the form No. 11—(see page 67), to claim an allow-

* Session of 1853.

ance in respect of life insurance premiums, by entering the particulars at the foot of the third page of that form, and deducting the amount. It should be borne in mind that it is necessary to produce the receipts for the premiums to the Surveyor of Taxes for the District, who is required to endorse them before the amount claimed can be allowed.

Where persons' incomes arise from funded or other property, their only course is to recover the allowance by means of the form (No. 39), provided for that purpose, and which may be obtained on application to the Surveyor of Taxes for the District. The mode of filling it up is shown at page 282.

This form, however, may be used by any other persons who have been assessed under any of the schedules of the Act, or may have paid or been charged with any of the duties by deduction or otherwise.

Life insurance premiums are not a *deduction* in the ordinary sense, *but an abatement*. There is a general misapprehension upon this point.

If a person in receipt of a salary of £100, pays a premium of £7, he is not on that account entitled to exemption from the Income Tax. It merely *reduces the amount upon which he is liable to be assessed*.

So if a person has an income of £200, and pays a premium of £20, his income, liable to the Income Tax, is estimated at £180, but he is, nevertheless, chargeable upon that amount *at the full rate of duty*.

In making a claim for the year 1862, ending 5th April, 1863, the duty will be allowed in respect of any premiums which have been *paid within the year*

for which the claim is made, without regard to the date when they became due.

General Directions as to filling up the following Form, No. 39.

Amount to be claimed.—Any sum paid for premiums *not exceeding one-sixth* part of the whole amount of the profits.

Statement of income.—If the annual premiums paid do not amount to one-sixth part of the total income, it is unnecessary to set forth *every source* from which it is derived, *but only so much as yields an income equal to six times the amount of the premiums.*

Particulars of income required :—If from house or landed property.—The parish and county where the property is situate, and the name of the person assessed, with the number of the house, &c., &c.

If from the public funds.—Description and amount of each stock, and the name or names in which it stands.

If from an office.—Description of the office and the place where the assessment is made in respect of the salary or emoluments.

If from profession, trade, &c.—The nature of it, and the place where the profits are assessed.

If from annuities, interest of money, railway shares, or other property.—The source of income to be described.

Certificate.—If the claimant is charged with the tax by deduction, a certificate from the person or company making the payment should accompany the claim.

N.B.—This is not required in the case of dividends arising from the public funds.

Receipts for premiums.—These are to be annexed to the claim, at the time it is forwarded to the Special Commissioners in London, who stamp them and usually *return them in the course of a few days.*

N.B.—When a policy is effected with an insurance office the *first payment is acknowledged in the policy itself*, and no receipt is given, but the secretary will always grant a *certificate* of the payment on application.

If receipts lost or mislaid.—If the receipts have been lost or mislaid, the secretary of the company will, on application, *grant a certificate of the payment having been made*, which will be accepted as satisfactory.

No. 39. INCOME TAX. '

CLAIM for REPAYMENT of DUTY in respect of PREMIUMS on POLICIES of INSURANCE, or on CONTRACTS for DEFERRED ANNUITIES.

Source or sources from whence the Claimant's profits and gains arise, and if from the Public Funds, the description of each Stock, and the name or names in which it stands.	Where Assessment is made, and if from Lands or Tenements, the names of the persons assessed.	Amount of profits and gains from each source.	Amount of Duty paid thereon.
		£ s. d.	£ s. d.
<i>Salary as Merchant's Clerk,</i>	81, Cannon-street, London.	200 0 0	7 10 0
<i>£1,000 3 per cent. Consols, in name of my wife, L. B.</i>	—	30 0 0	1 2 6
<i>House property in</i> .	<div><div>— Street.</div><div>Bedford, .</div><div>Occupier John D.</div></div>	45 0 0	1 13 9
	Total amount of Profits and Gains,	275 0 0	—
Total amount of Duty paid thereon, .			10 6 3

Title of each Company with which a Policy of Insurance has been made or a contract for a Deferred Annuity.	Amount of Premium.	Amount of Duty claimed to be returned.
	£ s. d.	£ s. d.
<i>National Life Insurance Company, . . .</i>	22 5 0	0 16 8
[Premium Receipt annexed.]		
Total amount of Premium, . . .	22 5 0	—
Amount of Duty claimed to be returned, .		0 16 8

Given under my hand, this 3rd day of September, 1862.

Signature of Claimant, *A.B.*

Quality or Profession, *Merchant's Clerk.*

Residence that will be found by the Post, *Cannon-street, London.*

The law provides that no claim can be allowed in respect of annual premiums beyond *one-sixth* part of the *whole amount of the income of the claimant*. For instance, if a person is in receipt of a net income of £600, and pays premiums to the amount of £120, he cannot recover the duty upon that amount. He should restrict his claim to the duty upon £100, *which is the sixth part of his entire income*.

When an order for repayment of the amount claimed is forwarded by the Special Commissioners, *a letter form is enclosed*, which should be carefully preserved, and used in making any subsequent claim.

CHAPTER XIX.

CLAIMS OF EXEMPTION AND REPAYMENT.

THE recent modification of the Income Tax does not affect incomes of a less amount than £100 per annum, which remain, as heretofore, wholly exempt from duty.

New assessments under Schedules A and B are generally made every third or fourth year, when all property of whatever description is *charged with duty*, and it remains for those whose *total incomes from all sources* amount to less than £100 per annum, to take the necessary steps to prove their title to exemption.

Two forms are provided for this purpose, viz.—Form 38,—*vide* page 290; or Form 40,—*vide* page 292.

These may be obtained through the Assessor of the parish, or from the Surveyor of Taxes for the district, who will explain which form is to be used, and the course to be pursued, according to the circumstances of each particular case.

Those portions of each of these forms which require to be filled up by any claimant are given in a subsequent part of this chapter, *with particulars inserted and printed in italics*, as a guide. General instructions will also be found, which, it is hoped, will prove sufficient, in the majority of cases, to enable persons to fill them up when they have ascertained which of the two forms is applicable.

The assessments now in force were made in the year 1861, ending 6th April, 1862.

When new assessments are made, notice of every sum charged is *left with each individual occupier* of any property, and a sufficient interval of time is suffered to elapse before the collection of the duty, to admit of all persons—whether occupiers or owners—establishing their title to exemption, in the manner indicated.

Owners of property, whose total incomes do not amount to £100 per annum, should arrange with their tenants *to forward the notices of charge to them as early as possible*, in order that they may proceed to fill up their claims, and have the property *discharged from the assessment before any duty is demanded*.

If from any cause this course has not been adopted, and the duty is paid, it may be recovered in the manner pointed out at page 292.

The notices of charge are left with the occupiers, *only in the year when the new assessments are made*; but a claim to have property discharged *in any subsequent year* may be made *within a limited period*, which may be ascertained on application to the Surveyor of Taxes for the district.

Any person entitled to exemption should *sign the notice to that effect*, contained in the return paper, Nos. 9, 10, 11, or 12 (*vide* page 61), left with him by the Assessor for the parish or place where he resides, for a return of his property or profits.

Although entitled to exemption, he should, nevertheless, state in the return paper *the particulars of his property or profits*, and the Assessor or Surveyor

of the district will thereupon cause him to be furnished *with the proper form, on which his claim for exemption should be made out.*

If the income of the claimant should arise from any sources which are not described in the return paper left with him, he should inform the Assessor from what source or sources his income is derived, in order that he may furnish him with the appropriate form for making his claim.

In the claim of exemption should be stated the particular source or sources from whence his income arises, and the particular amount arising from each source, *and also every sum of annual interest or other annual payment, reserved or charged thereon, whereby the income will be diminished; and also every sum which he may have charged or may be entitled to charge against any other person, on account of the duty, or which he may have deducted or retained, or may be entitled to deduct or retain, out of any payment to which he may be liable.*

Every claim should be made to the Commissioners of the district *where the claimant actually resides*, whether he be personally charged therein or not—that is, without any reference to the locality of the property in which he is interested.

Thus, if a person resident at Bath possesses property in Northumberland or Devonshire, his claim is still to be made at Bath.

In case, however, the *whole income* of the claimant arises from any office or employment, the duties whereon are cognizable before the Commissioners of a department of office, or from a pension or stipend,

the claim may be made to the Commissioners of the department.

No claim can be allowed until the annual value of the property and profits of the claimant assessable on himself is entered in the books. From that annual value his income is to be estimated.

For example:—If a person owns a house, in which he resides, of the annual value of £15, his income from that is £15.

If, besides that, *he owns land which he occupies*, of the annual value of £20, his income from that is £20 in respect of the property; and (if in England) £10 more in respect of the occupation=£30.

If, moreover, his wife is in receipt of £10 from railway dividends, this *forms part of his own income*.

If he also carries on a trade, from which he derives a profit of £40, on which he is assessed, his income from that source is £40.

If all this arise in one parish (excepting the railway dividends), it will appear on the face of the assessment; and his income being computed to amount in the aggregate to £95, he will be entitled to exemption, and the assessment will be wholly discharged, *except so far as regards any ground-rent, annuity, interest, or other annual payment, in respect of which he is entitled to deduct or retain the duty.*

For the purpose of ascertaining the title of persons to exemption, the annual value of lands or tenements is to be estimated according to the rules and directions contained in Schedules A and B, and the income arising from the *occupation* of lands and tenements chargeable under Schedule B, in *England*, is esti-

mated for such purpose at *one-half*, and in *Scotland* and *Ireland* at *one-third*, of the full and annual value thereof.

In England, where the claimant is the proprietor as well as the occupier of any such lands, &c., the annual value and the *half* of the annual value are deemed to be the income of the claimant.

For instance:—

A person is proprietor of lands of the annual value of £65.

					£	s.
Annual value of lands,	.	.	.	.	65	0
<i>One-half in respect of the occupation,</i>	.	.	.	.	32	10
						<hr/>
Total income,	.	.	.	.	£97	10

In Scotland or Ireland, where the claimant is proprietor as well as occupier of any such lands, the annual value and the *third* of the annual value are deemed to be the income of the claimant.

For instance:—

					£	s.	d.
Annual value of lands,	.	.	.	.	70	0	0
<i>One-third in respect of the occupation,</i>	.	.	.	.	23	6	8
						<hr/>	
Total income,	.	.	.	.	£93	6	8

Every person separately assessed, or having a separate interest in the profits assessed, may claim an exemption.

So, also, coparceners, joint tenants, or tenants in common of the profits of any property whatever, *having declared their respective shares in order to a separate assessment.*

So, also, joint tenants, or tenants of lands in partnership, being in the actual and joint occupation

thereof, *and entitled to the profits thereof in shares, and personally labouring therein and managing the same.*

So, also, partners carrying on trade or exercising any profession together, and entitled to the profits thereof in shares, and personally acting therein, in such cases of separate assessments only.

So, also, a guardian, trustee, attorney, agent, or factor, on account of others, may claim on behalf of such others, either where satisfactory proof is given that such others cannot attend in person, or in cases where they may be assessed for others, as acting in the character of guardian, &c., to a person under incapacity.

I.—ON CLAIMING EXEMPTION WHERE ASSESSMENTS HAVE BEEN MADE, BUT THE DUTY HAS NOT BEEN PAID.

The following form (No. 38) is the proper one to be used if the property of the claimant *is situated within the limits of the Surveyor's district.*

To save repetition, the reader is referred to the "General Instructions" given at page 292, with reference to filling up the Form No. 40.

It is necessary that the claimant should deliver to the Assessor of the parish where he resides, within the time limited for delivering the lists, declarations, and statements, required by the Acts (*or within such further time as the Commissioners shall, for special cause assigned, allow*), a notice of his intention to claim exemption, together with a declaration and statement signed by him.

The Assessors cannot receive any claim unless it is delivered within the time limited by the Acts for making returns of the duty, *or within such further time as may be allowed by the Commissioners.*

The Assessors are required to transmit all notices, declarations, and statements of the parties to the Commissioners.

If the property of the claimant is situated *beyond the limits of the Surveyor's district*, the form No. 40, or No. 41, as the case may be, is applicable. It is to be filled up according to the instructions at page 292, and in the manner described at pages 291 and 295.

The property to be discharged is to be fully described in the bottom portion of the form, which is given on page 291.

1863-64.

No. 38.

INCOME TAX.

CLAIM OF EXEMPTION.—FORM to be used by persons claiming to be discharged from assessment by reason of their total incomes not amounting to £100 a-year, &c., &c., &c.:—

Given under my hand, this 5th day of October, 1861.

Signed, *A. B.*

Residence, *Ockley, Surrey.*

STATEMENT OF PARTICULARS.

		£	s.	d.	£	s.	d.
<i>N.B.—For exemption from Schedule B, Tenant's tax on occupation of land.</i>	<i>House and land in Ockley, Surrey, belonging to B. D., of Ockley, occupied by me at a rent of</i>	120	0	0			
	<i>Tithes on the same,</i>	18	0	0			
		<hr/>					
		188	0	0			
	<i>My income therefrom,</i>	.	.	.	69	0	0
<i>N.B.—For exemption from Schedule A, as owner, less £2 ground-rent.</i>	<i>Two cottages in Ockley, occupied by C. D. and C. E., annual rent,</i>	14	0	0			
	<i>Ground rent,</i>	2	0	0			
					12	0	0
					<hr/>		
	<i>Total income,</i>	.	.	.	81	0	0

PART OF THE FORM No. 40, OR No. 41.

No. 2.—PARTICULARS of PROPERTY in respect of which a DISCHARGE is required, the DUTY not having been paid :—

Parish or Place and County where the Property is situated.	Description of Property.	Name of Occupier.	Annual Rent or Value at which the Property has been Assessed.
[If the Property is subject to ground rent, interest of money, annuity, or other annual charge, state the particulars of the same.]			

II.—ON CLAIMING REPAYMENT OF DUTIES.

If any person, whose claim to exemption has been allowed, has paid the duties, by way of deduction from any rent, annuity, interest, or other annual payment, or has been assessed and paid the duties in respect of any annuity, dividend, pension, or stipend payable to him out of the public revenue, the Commissioners for General Purposes are to certify what shall have been so proved before them to the Commissioners for Special Purposes, at the Head Office of Inland Revenue in England, specifying the amount and the nature of the payment out of which, and the name and abode of the person by whom such deduction shall have been made; also the amount and description of the annuity, dividend, &c., in respect of which such claimant has been assessed, and the duties paid.

The Special Commissioners will thereupon issue to the claimant an order for repayment of the amount of the duties certified to have been paid.

Such order is to be directed to the Receiver-General of Inland Revenue, or to an officer for receipt, or collector of the duties, or to a distributor or sub-distributor of stamps, and shall authorize the Receiver-General, or other officer, to repay to such person the amount certified as having been paid by him.

The forms upon which claims are to be made for repayment of Income Tax are:—

1st. No. 40.—To be used by a person claiming repayment of duty, by reason of his or her income not amounting to £100 a-year.

2nd. No. 41.—To be used by a person claiming repayment of duty as a trustee, guardian, attorney, agent, or factor, by reason of the income of the person, on whose behalf the claim is made, being under £100 a-year.

It is only to be used by such persons on behalf of minors, lunatics, persons incapacitated from mental or bodily infirmity, or married women legally separated from their husbands.

3rd. No. 43.—To be used by a person *residing out of the United Kingdom*, and claiming repayment of duty by reason of the whole of his or her income, whether arising in the United Kingdom or elsewhere, not amounting to £100 a-year.

I.—Form No. 40.

Instructions.

1. Repayment may be claimed of any duty *within three years after the end of the year of assessment*; but it is necessary to make use of a *separate Form No. 40 for each year*.

2. Any claim for *subsequent years* is to be made upon the "*Letter Form*" (*vide* page 298), which is always enclosed in the "*Order for Repayment*," forwarded by the Special Commissioners.

3. When *rents of houses or lands* form part of the claim, *the Collector's receipts for the Property Tax paid should be attached*, at the same time the amount of charges (if any), such as ground-rent, interest, &c., to which the property may be subject, should be described. When there are no charges, the words "no charges" should be inserted; if subject to a ground-rent only, state the amount of such ground-rent, and add, "no other charges."

4. When the claim includes duty deducted from dividends, interest, &c., payable by *railway, banking, insurance, or other public companies, certificates* (*vide* page 297), from such companies of the amount of tax retained by them are to be attached to the claim, which should correspond with the particulars in the claim.

5. When the claim includes duty deducted from money in the public funds, or Government annuities, no certificates are necessary; a *full description of the stock* being alone required to assist the proper authorities in tracing the amounts, &c., in the bank books.

6. It is indispensably necessary that claimants, in signing their claims, *should attach their names in full*. If the claimant cannot sign his name *he may make a cross, which should be attested by a witness*. In stating the address, the *number, street, and town*, should be legibly given.

7. If the claimant be a *spinster* or *widow* it should be stated after her signature.

8. In the case of a married woman legally separated from her husband, *the claim is to be made by a trustee, and not by herself.*

9. A married woman having property in her own right, *and over which her husband has no control, cannot make a claim on her own behalf,* notwithstanding any legal arrangements which may have been entered into. It should be made by the husband, whose own income is to be estimated together with that of his wife, and the *united incomes* must not exceed £100 per annum.

10. In the event of several relatives, entitled to exemption, being interested in the same properties, it is necessary that each should make a separate claim.

11. All claims (*excepting "Letter Claims"*) are to be forwarded to the Surveyor of Taxes for the district for his examination, who will communicate with the claimant, if further information upon any point be required. When completed they are transmitted by him to Somerset House, for the allowance of the Special Commissioners.

12. When allowed by the Special Commissioners, they forward *an order for repayment*, and, at the same time, enclose a "*Letter Form*," which should be *carefully preserved*, as any further claim is to be made upon that form. The "*Order for repayment*" is directed to the Receiver-General, or a Distributor or Sub-Distributor of Stamps, *at the place most convenient for the claimant.*

13. If the claimant, through age, illness, or any

other cause, be unable to attend *personally* to receive the money, the amount will be paid to *any agent* duly authorized. On the back of the printed letter sent to the claimant a blank authority will be found, in which the name can be inserted.

The following is a specimen of the manner in which this form should be filled up. Much of the printed matter on the form itself is omitted, so as not to distract the reader's attention.

1862-3.*

No. 40.

INCOME TAX.

CLAIM OF EXEMPTION:—REPAYMENT.—FORM to be used by a person claiming a repayment of duty, or to have his or her property discharged from assessment, by reason of his or her income not amounting to £100 a-year:—

[No claim for repayment of duty can be allowed unless it be made within three years after the end of the year of assessment to which the claim relates.]

Given under my hand, this 12th day of April, 1863.

Claimant's signature, *Mary Jane Williams, Spinster.*

Residence (that will be found by the post), 27, — street, *Leamington.*

Statement of the Particulars of the Total Income of Claimant from every source whatever, for the year commencing the 6th day of April, 1862, and ending the 5th day of April, 1863.		Annual Amount.
<i>One-fifth share of freehold houses, Nos. 46 and 47, High-street, Oxford, producing £100 per annum,</i>		£ s. d. 20 0 0
<i>A leasehold house in Wotton, Surrey, occupied by Thomas Williams, annual rent, £24</i>		
<i>Ground-rent, 6</i>		18 0 0
<i>—</i>		
<i>N.B.—No Dividend—London and North-Western mortgage Railway Stock,</i>		8 10 0
<i>or other incumbrance Interest on £200 advanced to Mr. Alfred Jones, on security of leasehold premises at Moseley, occupied by A. C.</i>		10 0 0
<i>on the above Dividends on £1,000, 3 per cent. Consols,</i>		30 0 0
<i>property.</i>		
<i>Total amount of annual income from every source,</i>		86 10 0

* The duty claimed to be repaid is at the rate of 9d.

No. 1.—PARTICULARS of the foregoing income in respect of which repayment of duty is claimed.

In respect of Public Funds or Annuities.

Name or Description of Stock.	Amount thereof, and if part of a larger sum, state also the larger sum.	Name or Names in which the Stock stands.	When each Dividend was due.	Amount of Duty claimed to be returned for each Stock, &c.
	£ s. d.			£ s. d.
3 per cent. Consols.	1,000 0 0	William Holmes, 27, Clarence Villas, Cheltenham.	10th Oct., 1862. 5th April, 1863.	0 11 3 0 11 3

In respect of other Property *not in the Public Funds*, the tax on which has been paid by the claimant by way of deduction or otherwise.

	£ s. d.
One-fifth share of property in Oxford, above described (Collector's receipts for the tax on the entire property annexed),*	0 15 0
Leasehold house in Wotton (Collector's receipt annexed),†	0 18 0
Dividend—London and North-Western Railway Stock (certificate of deduction annexed),‡	0 6 4
Interest of £10, above described (certificate of deduction annexed),§	0 7 6
	<hr/> 3 9 4

Deduct the duty on the ground-rent, interest of mortgage, or other annual charge (if any) to which the property may be subject, viz., ground-rent, £6 10s.,	0 4 6
Total amount of duty claimed to be returned,	<hr/> 3 4 10

* Collector's receipts for 15s. claimed to be returned, are to be affixed to the claim.
† Collector's receipts for 18s. claimed to be returned are to be affixed to the claim.
‡ Certificate on a printed form, furnished on application by the London and North-Western Railway Company for 6s. 4d., to be affixed.
§ The following certificate of deduction (*copies of which will be sup-*

It is desirable that the claim should be made as early after the 5th of April as possible, so that the whole of the duty deducted during the preceding year may be recovered at one time.

This form is only to be used the *first year*. In the *second and following years* the "Letter claim," which is enclosed by the Special Commissioners, is to be filled up and forwarded direct to the address in London, *printed on the back of the form*.

plied on application to the Surveyor of Taxes) for 7s. 6d., signed by the person paying the interest, to be affixed to the claim:—

No. 185.

INCOME TAX.

I hereby certify that, on paying to *Mary Jane Williams, Spinster, of 27, — street, Leamington*, the sum mentioned in the third column of the subjoined statement, I deducted for Income Tax the amount set forth in the first column of the said statement, and I further certify that the amount of the tax so deducted has been paid by me to the proper officer for the receipt of taxes.

Signature, *Alfred Jones,*

Residence, 18, — street, *Canterbury.*

Date, 10th April, 1863.

Amount of Income Tax deducted by me.	Description of the Property, or Office, out of which the Rent, Annuity, Salary, Pension, or Interest is payable.	Amount of Rent, Annuity, Interest, &c., from which I have deducted the Tax.	Period to which the Rent, Annuity, Salary, Pension, or Interest, was due.
£ s. d.		£ s. d.	Date.
0 7 6	Leasehold house at Moseley Wake Green, Moseley, occupied by A. C., at a rent of £30, on which amount I have paid the tax.	10 0 0	20th March, 1863.

As the mode of filling it up is precisely similar, it is unnecessary to print the document entire. The heading, however, is given, to enable persons to identify it:—

In communicating with this office, this number should be quoted: No.—K.

The Commissioners for General Purposes, and the Surveyor of Taxes for the district in which I reside, having certified my claim to exemption, under the Acts of Parliament for granting duties on profits arising from property, professions, trades, and offices, for the year ending the 5th April, 1863, on the ground of my income being less than £100 per annum, I do hereby declare that the following statement contains a full, just, and true account and return of the whole of my income, from every source whatever, for the year ending 5th April, 1864, and I therefore give notice that I am entitled to, and do hereby claim repayment of a further sum which has been deducted from me in respect of the property hereinafter mentioned, for the last mentioned year, amounting to the sum of _____.

In the event of the claimant losing this “letter form,” an application should be addressed to the Special Commissioners for a “*duplicate*.”

The *precise address from which the last claim* was made should be given, together with the particulars which it contained, the year or years in respect of which it was made, and the amount of duty repaid; also, if possible, the *official registered number*.

II.—*Form 41*.—To be used by a trustee, guardian, attorney, agent, or factor, on behalf of minors, lunatics, and persons incapacitated from mental or bodily infirmity, or married women legally separated from their husbands, &c.

Instructions.

1. The difference between this form and that previously described (No. 40) is, that it is for the express

use of a trustee, agent, &c., *on behalf of another*. The *heading* is therefore different, but the mode of filling up the claim itself is precisely similar, and the directions already given at pages 292 and 295 will be found sufficient.

2. One form may be used for a claim on behalf of *any number of minors*, but a *separate form must be used for each year*.

3. The claim is to be made in the district *where the trustee resides*, without reference to the residence of the minors.

4. When a claim is made by a trustee, &c., on behalf of minors, it is necessary to *describe the deed or will under which the trust is created*.

5. The following form (No. 20) is to be attached to any claim made on behalf of minors:—

No. 20.

QUESTIONS.	ANSWERS.
Are either or both of the parents of the child dead?	
Is the income of the minor expended for education or maintenance?	
Does the parents' income, including that of the minor, amount to £—— per annum.	
Has the minor a vested, or only a contingent interest in the property?	

The answers to be signed by the Trustee.

Signature of } _____
Trustee.

The upper part of the form is as follows:—

1861-62.

No. 41.

INCOME TAX.

CLAIM OF EXEMPTION:—REPAYMENT.—Form to be used by a person claiming a repayment of duty as a trustee, guardian, attorney, agent, or factor, or to have the property discharged from assessment, by reason of the income of the person on whose behalf the claim is made being under £100 a-year:—

County of —, District of —, Parish of —.

In pursuance of the Acts for granting duties on profits arising from property, professions, trades, and offices, I hereby declare that the following statement contains a full, just, and true account and return of the whole of the income derived from every source whatever, for the year ending 5th April, 1862, of* *John Smith*, who is a† *minor*, for whom I am‡ *Trustee*, under§ *the will of the late James Smith, of —*; and I therefore, as such‡ *Trustee*, give notice that I am entitled to, and I do hereby claim exemption in respect of such income, and to be repaid the sum of £3 paid by me as undermentioned, or that the following property belonging to the above-named person may be discharged from assessment.

III.—*Form No. 43.*—To be used by a person claiming repayment of duty by reason of the whole of his income, whether arising in the United Kingdom or elsewhere, being under £100 a-year.

In the case of a claimant residing out of the United Kingdom, *the claim may be made by affidavit* (stating the several matters required by the Act) *before any person having authority to administer an oath, in the place where the claimant resides.*

* Here state the name of the person on whose behalf the claim is made.

† Here state whether lunatic, infant, or married woman living separate from her husband.

‡ Here state whether trustee, agent, &c.

§ Here describe the deed or will under which the trust is created, or otherwise.

1861-62.

No. 43.

INCOME TAX.

CLAIM OF EXEMPTION BY A PERSON RESIDING OUT OF THE UNITED KINGDOM.—Form to be used by a person claiming a repayment of duty, by reason of the whole of his or her income, whether arising in the United Kingdom or elsewhere, not amounting to £100 a-year.

[No claim for repayment of duty can be allowed, unless it be made within three years after the end of the year of assessment to which the claim relates.]

In pursuance of the Acts of Parliament for granting duties on profits arising from property, professions, trades, and offices, I, *A. B. (Spinster)*, of *Paris, Rue d'Anjou, No. 37*, do make oath and say that the following statement contains a full, just, and true account and return of the whole of my income from every source whatsoever, for the year ending 5th day of April, 1862, and I therefore give notice that I am entitled to, and do hereby claim to be repaid the sum of £1 10s. 9d., paid by me as undermentioned.

	Annual amount.		
	£	s.	d.
*£700,—3 per cent. consols,	21	0	0
Salary as governess,	50	0	0
Dividends in London and Brighton Railway,	20	0	0
Total amount of annual income from every source,	91	0	0

Sworn at *Paris*, this 4th day of)
November, 1862, before me,† } Signature of claimant, *A. B.*
X. Y. Consul.

N.B.—When the claim is made by a lady, she must)
state, after her signature, whether widow or } *Spinster.*
spinster, as the case may be.

I hereby give notice that I claim to be repaid the undermentioned sum of £1 10s. 9d., deducted from me, and I request that the same may be paid to *L. L. D.*, of *No. —, Old Broad-street, London*, my attorney or agent, whose receipt shall be a sufficient discharge for the same.

Signed, *A. B.*

* Here must be stated the full particulars of the claimant's income from every source whatever for the year for which the claim is made, whether in the United Kingdom or elsewhere, distinguishing the amount of each source, showing, also, the particulars of any mortgage or other incumbrance thereon, if any.

† A justice of the peace, consul, or notary public.

Instructions.

1. See directions given at page 292 with reference to Form No. 40.

2. In preferring a claim of this description, any income *derived abroad* must be included; and *unless the total income from all sources* in both countries be less than £100, *the exemption cannot be granted.*

3. The claimant should direct repayment to be made to his *attorney or agent in this country*, whose receipt will be a sufficient discharge.

4. The claim may be forwarded by *post* to the Special Commissioners, Somerset House, London, as it is specially printed upon thin paper adapted for the purpose of transmitting by foreign post.

The Act provides that if any person be guilty of fraud in making a claim of exemption, or fraudulently make a *second claim for the same cause*, he shall forfeit *the sum of £20 and treble the duty chargeable in respect of all the sources of his income*; and *any person aiding or abetting in such fraud shall forfeit the sum of £50.*

CHAPTER XX.

CLAIMS OF ABATEMENT AND REPAYMENT.

FROM the year 1853 until the year 1862–63, two different rates of duty have been annually in force, and persons whose incomes from every source have amounted to £100, but have not exceeded £150, have been entitled to claim an abatement from the higher to the lower rate.

As claims for the repayment of duty may be made

at any time *within three years* after the end of the year of assessment, persons who have paid the higher rate of duty for the years 1860-1, 1861-2, or 1862-3, may obtain the return of the difference for any of those years. Claims for 1860-1 should be made before 5th April, 1864; those for 1861-2 before the 5th April, 1865; and those for 1862-3 before the 5th April, 1866.

Although the system of assessing incomes at two different rates is discontinued from the 5th April, 1863, it is considered desirable to give specimens of the forms for claiming repayment for 1860-1, 1861-2, and 1862-3.

Instead of allowing an abatement in the shape of a lower rate of duty from incomes varying between £100 and £150, it is proposed to allow an abatement of £60 from all incomes between £100 and £200, and to assess the *remainder at the uniform rate of 7d.*

The forms which have been in use in previous years for the purpose of claiming abatement and repayment, will probably be altered so as to render them applicable to the new system.

The following instructions will, therefore, be found useful, as a guide to the mode of proceeding with reference to claims for 1863-4.

I.—*Form No. 40 A*, to be used by a person claiming repayment of the difference of duty between 9d. and 6d.—his income, although amounting to £100 or upwards, being under £150 a-year (for the years 1861-2 and 1862-3).

1. The instructions already given in the previous

chapter, page 292, may, for the most part, be observed in filling up the claims 40 A, 41 A, and 43 A.

2. If a claim upon these forms is in respect of property, &c., subject to an annual charge, such as ground-rent, mortgage, &c., the duty upon such burdens must be deducted from the claim at the *higher rate* of duty, although the claimant is only liable at the *lower rate*.

3. These forms are all printed in *blue* ink to distinguish them from claims of exemption.

1861-62.

No. 40 A.

INCOME TAX.

CLAIM OF ABATEMENT:—REPAYMENT.—FORM to be used by a person claiming repayment of the difference between the duty charged at the rate of 9*d.* in the pound, and duty at the rate of 6*d.* in the pound, on the ground that the total income of the claimant, although amounting to £100 or upwards, is less than £150 a-year.

Given under my hand this — day of —, 186—.

Claimant's signature, *Ellen Maria Holmes (Spinster)*.
Residence (*that will be found by the post*), — *Villas*,
Kingston-upon-Thames.

Statement of the Particulars of the Total Income of Claimant from every source whatever, for the year commencing the 6th day of April, 1861, and ending the 5th day of April, 1862.		Annual Amount.		
		£	s.	d.
N. B.—No other incumbrance on the property.	<i>House, situate at Walton, occupied by D. B.,</i>			
	<i>Rent,</i> £30			
	<i>Ground-rent,</i> 6			
	<i>—</i>			
	<i>£24</i>	24	0	0
	<i>Income from profession of Schoolmistress,*</i>	100	0	0
	<i>£500—3 per cent. consols,</i>	15	0	0
Total amount of annual income from every source,		139	0	0

* Assessed under Schedule D at the lower duty only.

No. 3.—PARTICULARS of the foregoing income in respect of which repayment of Duty is claimed.

In respect of the public funds or annuities.

Name or Description of Stock.	Amount thereof, and if part of a larger sum, state also the larger sum.	Name or Names in which the Stock stands.
3 per cent. consols,	£ s. d. 500 0 0	James Edward Brown, of Margate, and William Holmes, of Sunderland,
When each dividend was due.	Amount of Duty paid.	Amount of Duty to be repaid.
	£ s. d.	£ s. d.
10th October, 1861,	0 5 7½	0 1 10½
5th April, 1862,	0 5 7½	0 1 10½
In respect of other property <i>not in the public funds</i> , the tax on which has been paid by the claimant by way of deduction or otherwise.		
House at Walton, (Collector's receipt annexed).	1 2 6	0 7 6
	1 13 9	0 11 3
Deduct the duty on the ground-rent, interest of mortgage, or other annual charge (if any) to which the property may be subject,	0 4 6	0 1 6
Total amount of duty claimed to be returned,	—	0 9 9

1861-62.

No. 41 A.

INCOME TAX.

CLAIM OF ABATEMENT:—REPAYMENT.—Form to be used by a trustee, guardian, attorney, agent, or factor, for the purpose of claiming repayment of the difference between the duty charged at the rate of 9*d.* in the pound, and duty at the rate of 6*d.* in the pound, on the ground that the total income of the person on whose behalf the claim is made, although amounting to £100 or upwards, is less than £150 a-year:—

No. 1.—In pursuance of the Acts for granting duties on profits arising from property, professions, trades, and offices, I hereby declare that the following statement contains a full, just, and true account and return of the whole of the income derived from every source whatever, for the year ending 5th April, 1862, of* *Lucy Taylor*, who is a† *person of unsound mind*, for whom I am‡ *Trustee*, under§ *the will of her father, Alfred Taylor*, and I, therefore, as such *Trustee*, give notice that I am entitled to, and I do hereby claim to be repaid the sum of 10*s.* 4*d.*, paid by me as undermentioned.

Given under my hand this — day of —, 186—.

Claimant's name, *Thomas Edward James*.

Residence (*that will be found by the post*), No.—, — Street, Worcester.

The lower part is omitted, being similar to that of the claim No. 40 A, page 304.

1861-62.

No. 43 A.

INCOME TAX.

CLAIM OF ABATEMENT:—REPAYMENT BY A PERSON RESIDING OUT OF THE UNITED KINGDOM.—Form to be used by a person claiming repayment of the difference between the duty charged at the rate of 9*d.* in the pound, and duty at the rate of 6*d.* in the pound, on the ground that the total income of the claimant, whether arising in the United Kingdom or elsewhere, although amounting to £100 or upwards, is less than £150 a-year.

No. 1.—In pursuance of the Acts of Parliament for granting duties on profits arising from property, professions, trades, and offices, I, *A. B.*, (*Widow*), of — Street, Melbourne, Australia, do make oath and say,

* Here state the name of the person on whose behalf the claim is made.

† Here state whether lunatic, infant, or married woman living separate from her husband.

‡ Here state whether trustee, agent, &c.

§ Here describe the deed or will under which the trust is created, or otherwise.

that the following statement contains a full, just, and true account and return of the whole of my income, from every source whatsoever, for the year ending 5th day of April, 1862, and I therefore give notice that I am entitled to, and do hereby claim to be repaid, the sum of 12s. 6d., paid by me as undermentioned.

						Annual amount.		
						£	s.	d.
<i>Annuity secured by the will of J. C., and paid by Henry Clark,</i>								
<i>of Duke-street, London,</i>						50	0	0
<i>Annual profits from school,</i>						80	0	0
						<hr/>		
Total amount of annual income from every source,						130	0	0

Sworn at *Melbourne*, this 3rd day of } Signature of claimant,
December, 1862, before me,* } *A. B. (Widow).*
D. F., Consul.

I hereby give notice that I claim to be repaid the undermentioned sum of 12s. 6d. deducted from me, and I request that the same may be paid to *F. R. S.*, of *Chancery-lane, London*, my attorney or agent, whose receipt shall be a sufficient discharge for the same.

Signed, *A. B.*

The lower part is omitted—being similar to *that of the Claim No. 40 A, page 304.*

This form is printed upon very thin paper, for the convenience of forwarding by the foreign post.

CHAPTER XXI.

CLAIMS ON BEHALF OF CHARITABLE INSTITUTIONS, &c.

By the Act 5 and 6 Vic., cap. 35, all rents and profits of messuages, lands, tenements, and hereditaments, belonging to any hospital, public school, or alms-house, or vested in trustees for charitable purposes, were exempted from duty, as well as dividends on money invested in the public funds on behalf of charitable institutions, or for the repairs of any cathedral, college, church, or chapel, or of any building used for the purpose of divine worship.

* A justice of the peace, consul, or notary public.

Two forms are provided for the purpose of claiming repayment of duty deducted from such property or dividends.

I.—Form No. 68

1. When a claim is made *for the first time*, a *separate* form, No. 68, should *be used for each year*.

No. 68.

INCOME TAX.

CLAIM of exemption from the duty on dividends on behalf of charitable institutions, or for the repairs of any cathedral, college, church, or chapel, or of any building used for the purpose of divine worship.

I do hereby claim an allowance of the Income Tax, in respect of the following stock,* as *Trustee* for the charity herein mentioned, for the year ended 5th April, 1862.

Name of claimant, *A. B.*

Place of abode, *Winchester.*

Date, *3rd November, 1862.*

Names in which the Stock stands.		Description of Stock.	Amount thereof, and if part of a larger sum, state also the larger sum.	Amount of Dividend.
<i>Charles Hall and Alfred Beynon,</i>		<i>3 per cent. consols.</i>	£ <i>3,500</i>	£ <i>105</i>
Amount of Duty.	Days when the Dividends were due, for which the claim is made.	Description of the Charity, or purpose to which the Dividends are applied.	Whether established by Act of Parliament, Charter, Decree, Deed of Trust, or Will.	
£ s. d. <i>8 18 9</i>	<i>10th Oct., 1861 5th April, 1862</i>	<i>Hall's Charity.—Funds distributed to the poor widows of the parish of —.</i>	<i>Will.</i>	

I, *A. B.*, of *Winchester*, do make oath and say, that the several

* State whether agent, factor, or trustee of the charity.

particulars, matters, and things above stated by me, are truly stated and set forth, to the best of my knowledge and belief.

Sworn before me, a Commissioner acting in the execution of the Acts relating to the Income Tax, within and for the County of <i>Hants</i> , this 3rd day of <i>No-</i> <i>vember</i> , 1862.	}	Signature of claimant, <i>A. B.</i> <i>R. T.</i>
---	---	---

2. Where the trust is created by *charter*, *decree*, *deed*, or *will*, an extract of so much of the charter, &c., as declares the uses of the trust *should be transmitted with this claim*.

3. An *accurate description* of the property should be given, as any error in that respect creates considerable delay.

4. In subsequent years, the claim should be prepared on the *letter-form* forwarded with the last order for repayment. The use of this form is not restricted to the duty for a *single year*.

5. If a change of agency occurs at any time, an explanation should be given in forwarding the letter-form to the Special Commissioners.

II.—*Form No. 70.*

1. When a claim is made *for the first time*, a *separate form*, No. 70, should be *used for each year*.

2. In all subsequent years, the claim should be prepared on the *letter-form* forwarded *with the last order for repayment*.

3. Persons making a claim for various properties are not necessarily confined *to the use of the print*, but may draw out any number of sheets, *using the same scheme with the above*.

4. In order to assist the Surveyors of Taxes in tracing the property upon which duty has been as-

essed under the Income Tax Acts, and thereby to expedite a return of duty, *it is very desirable that the number placed upon each Collector's receipt should, if possible, be given in column 9.*

No. 70.

INCOME TAX.

FORM for CLAIM of ALLOWANCES for the Duty assessed and paid on the rents and profits of messuages, lands, tenements, and hereditaments, belonging to any hospital, public school, or alms-house, or vested in Trustees for Charitable Purposes, for the year ending 5th April, 1862.

I hereby claim an allowance of duty on property paid as below described as ^{*}agent for the said property, for the year commencing 5th April, 1861.

Signature of Claimant, *William Thomas.*Residence, — *Street, Bristol.*Date, *2nd September, 1862.*

1. Name or Title of the Foundation or Charity.	2. Whether established by Act of Parliament, Charter, Decree, Deed of Trust, or Will.	3. Description of the Messuages, Land, &c., distinguishing those on which separate Assess- ments have been made.	4. Names of Persons in the actual occupation of the Property.
<i>B——'s Charity.</i>	<i>By will of J. B., dated May 2, 1693, and a scheme con- firmed by a decree of the Court of Chancery, dated 1854.</i>	<i>Rentcharge of £137 yearly, issuing out of the Manor of L——. Pasture land, Cottages and gardens,</i>	<i>Thomas Harvey. James Longmore. Various.</i>

5. Rent paid to the Charity.	6. In what Parish and District paid.	7. In what manner the rent on which the Duty is claimed to be allowed has been appropriated, and to what amount, in the proceeding year.	8. Amount of Duty chargeable.	9. Numbers upon the Collectors' Receipts.
<i>£ s. d. 137 0 0</i>	<i>Keswick.</i>	<i>In weekly payments to alms-people, and for coals, coats, and gowns for the same.</i>	<i>£ s. d. 5 2 9</i>	<i>1,420</i>
<i>43 0 0</i>	<i>Barton.</i>	<i>—</i>	<i>1 12 4</i>	<i>802</i>
<i>120 13 0</i>	<i>Bedford.</i>	<i>—</i>	<i>4 10 5</i>	<i>Various.</i>
Total amount claimed, . . .			<i>11 5 6</i>	

* State whether steward, agent, or trustee.

I, *William Thomas*, of *Bristol*, do make oath and say, that the several particulars, matters, and things above stated by me, are truly stated and set forth, to the best of my knowledge and belief.

Sworn before me, a Commissioner
acting in the execution of the
Acts relating to the Income Tax,
within and for the county of
D—, this 2nd day of Sep-
tember, 1862.

J. L. M.

} Signature of Claimant, *W. T.*

CHAPTER XXII.

OTHER CLAIMS OF REPAYMENT.

EXEMPTION is granted in respect of the stock, dividends, or interest of friendly societies legally established under any Act of Parliament relating to friendly societies; also in respect of any yearly interest, or other annual payment, chargeable under Schedule D, provided it shall appear by the rules of any such society deposited with the Commissioners for the Reduction of the National Debt, or with the trustees of any savings bank, that the sums assured by such society to any individual, or to any person nominated by or to claim under him, do not exceed £200, or the amount of any annuity or annuities granted by such society do not exceed £30 per annum; and provided the property, when invested in the public securities in the Bank of England, be duly claimed and proved by an agent, factor, or member, on behalf of the society, before the Commissioners for Special Purposes.

The following is the form supplied for this purpose:—

No. 69. INCOME TAX.

CLAIM OF EXEMPTION from the duty under Schedule C, in respect of dividends or interest on stock, or in respect of all interest and other profits and gains chargeable under Schedule D, and arising to friendly societies legally established under any Act of Parliament relating to such societies, provided the sum assured by such society to any individual shall not exceed the sum of £200, or the amount of any annuity or annuities granted by such society shall not exceed £30 per annum.

I, the undersigned, being *Agent of* the — *Friendly Society* hereinafter mentioned, do hereby claim exemption from Income Tax for the year 1861, in respect of the property hereinafter mentioned, belonging to the said — *Friendly Society*.

Signed, *A. B.*
Residence, —, *Knottingley*.

CLAIM UNDER SCHEDULE C (PUBLIC FUNDS).

Names in which the Stock stands.	Description of Stock.	Amount of Stock	Amount of Dividend.	Amount of Duty.
Days when the Dividends were due, for which the claim is made.	Description of the Society and where holden.	Where the rules of the Society are deposited, according to the directions of the Act.	Purpose to which the Dividends are applied.	

CLAIM UNDER SCHEDULE D.

Source from which the Interest or other Profits and Gains are derived.	Amount of Interest or other Profits and Gains.	Amount of Duty.	When, and how paid.
Description of the Society and where holden.	Where the Rules of the Society are deposited, according to the directions of the Act.	Purpose to which the Interest or other profits are applied.	

For mode of filling up, *vide* page 308, Form 68.

Instructions.

1. When a claim is made for the *first* time a separate Form, No. 69, must *be used for each year*.

2. All subsequent applications are to be made on the *letter-form* forwarded by the Special Commissioners with the last order for payment.

3. If a change of agency takes place, the matter should be explained by the new agent on the first occasion of his making any claim, to prevent delay.

4. A copy of the rules of the society should be forwarded with the claim.

By the 16th & 17th Vic., cap. 34, sec. 52, it is provided that in assessing the duty chargeable upon any clergyman or minister of any religious denomination in respect of any profits, fees, or emoluments, of his profession or vocation, it shall be lawful to deduct from such profits, fees, or emoluments, any sum or sums of money paid or expenses incurred by him wholly, exclusively, and necessarily, in the performance of his duty or functions as such clergyman or minister; *and if such sum or sums or expenses shall not have been deducted as aforesaid, then a proportionate part of the duty charged and paid by such clergyman or minister shall, on due proof to the Commissioners of such sum or sums having been expended as aforesaid, be repaid to such clergyman or minister.*

The following is the form suitable to a claim of this nature:—

II.—No. 13.

INCOME TAX.

CLAIM for REPAYMENT of DUTY in respect of money paid, or expenses incurred, by a clergyman, or minister of any religious denomination, in the performance of his duty or functions.

I, *A. B.*, do hereby declare that I have been assessed or charged Income Tax, in respect of my profits, fees, or emoluments, as *Chaplain* of the *Workhouse*, in the parish of *Kingsley*, in the county of *Middlesex*, for the year commencing 6th of April, 1861, and ending 5th of April, 1862, in the sum of £180, and I do hereby claim repayment of the sum of £1 2s. 6d., in respect of the undermentioned sums of money paid, or expenses incurred, by me wholly, exclusively, and necessarily, in the performance of my duty or functions, as such *Chaplain*. And I do further declare that the charge above mentioned is the Income Tax on the whole amount of my professional profit and gains, without any deduction whatever in respect of the money so paid, or expenses incurred, for the said year ending as aforesaid.

Purposes for which the money was paid, or the expenses incurred.	Amount paid or incurred.	Duty claimed to be repaid.
	£	£ s. d.
<i>Expenses connected with travelling, . . .</i>	4	0 8 0
<i>Expense of horse hire,</i>	26	0 19 6
	—	—
Total amount paid or incurred, . . .	£30	
Amount of duty claimed to be repaid,		1 2 6

Given under my hand, this 3rd day of *December*, 1862.

Signature of claimant, *A. B.*

Residence that will be found by the post, *Morley*, near , *Middlesex*.

A form (No. 71) is provided for the purpose of enabling clergymen to recover the duty upon rates, &c., assessed upon their tithe rent-charges.

III.—No. 71.

INCOME TAX.

FORM of CLAIM of ALLOWANCES in respect of the duty charged on Rent-charge confirmed under the Tithe Commutation Act.

	£ s. d.
Amount of the rent-charge,	511 10 0
Amount of duty paid thereon,	19 8 7

Form of Claim of Allowances—continued:—

Particulars of allowances claimed.	Amount paid on each.
	£ s. d.
First fruits,	—
Tenths,	0 19 7
Duties and fees on presentation,	—
On the amount paid within the year preceding that in which the assessment was made.	
Procurations and Synodals,	0 11 7
On an average of seven years preceding that in which the assessment was made.	
Repairs of collegiate churches,	—
„ chancels of churches,	86 11 0
The amount expended in the year preceding that in which the assessment was made.	
Land tax,	0 17 2
If not redeemed.	
Parochial rates, &c.	
On the amount assessed on the rent-charge, and paid within the year of assessment, viz.:—	
(Here describe the rates).	
Poor rate,	20 0 0
Highway rate,	14 2 5
	£89 6 7

Amount of duty claimed to be returned, £8 5s. 6d.

A form is also provided to enable agents acting on behalf of foreigners resident abroad, to obtain a return of duty paid on dividends, or interest on foreign securities, payable in Great Britain.

IV.—No. 188.**INCOME TAX.**

STATEMENT of a person acting as agent to foreigners residing abroad, and claiming, on their behalf, a return of the duty paid on dividends, or interest on foreign securities, payable in Great Britain.

Name of foreigner on whose behalf claim is made,	} <i>Carl Albrecht Bischoff.</i>
Residence,	
Subject of what State,	} <i>Unter den Linden, No. —, Berlin.</i>
Description of stock, &c., if coupons, state the numbers,	
Amount of dividend or interest,	} <i>Prussia.</i>
Date when dividend became due or payable,	
Amount of tax deducted,	} <i>Here enter particulars.</i>

I, the undersigned *H. B.*, acting as agent to *Carl Albrecht Bischoff*,

do hereby make oath and certify that the bonds from which the coupons above described are derived, and upon which the Income Tax of £ has been deducted, are, to the best of my knowledge and belief, in the possession of and are *bond fide* the property of the person above described, and that no British subject whatever, or any foreign subject resident in Great Britain, is interested in such bonds in any way whatever, and I therefore claim the repayment of the said deduction.

Name of claimant, *H. B.*

Residence that will be found by } *No. —, Old Broad-street,*
the post, } *London.*

Date, *3rd December, 1862.*

CHAPTER XXIII.

THE INCOME TAX IN IRELAND.

THE Income Tax was extended to Ireland in the year 1853, by the 16 & 17 Vic., cap. 34, and the duties are levied as in England and Scotland, under the direction and management of the Commissioners of Inland Revenue. By this Act the provisions of the original Income Tax Act of 1842—5 & 6 Vic., c. 35—those of the several Acts therein mentioned, and of any subsequent Act passed, explaining and amending the same, *so far as they are consistent with the express provisions of this particular Act*, are rendered applicable to Ireland. Thus, the general direction and management of the Income Tax throughout the United Kingdom are vested by Parliament in the hands of the same authorities; but it became necessary to organize a different system of local administration, owing to the absence of any existing machinery in Ireland adapted to the purpose.

While the Income Tax laws are generally applicable to Ireland, there are some provisions which affect that

country only. The most important are explained in this chapter.

The functions elsewhere allotted to *District Commissioners*, are discharged in Ireland by the Special Commissioners, who have a general jurisdiction of a similar nature. They hear appeals, and sign all documents and warrants relating to the assessment and collection.

There are no local Assessors, but the duties performed by those officers in England and Scotland are united with those of the Surveyors of Taxes appointed by the Crown. The notice papers requiring returns under Schedules D and E, are issued by them, and they make the assessments and forward notices of charge.

Assessments, A and B.—The poor rate assessments serve as the basis and guide for the Property Tax assessments under Schedules A and B, which are made by the Surveyors of Taxes, and no returns are required excepting for fines, &c.

The assessments are to be made for and comprise the respective premises situate *within a union or an electoral division, or such other district* as the Commissioners of Inland Revenue shall direct.

The assessment of the duties chargeable under Schedule A is to be made upon the landlord or immediate lessor; or if it appears to the Commissioners for Special Purposes to be necessary or proper, it is to be made upon the person upon whom the rate for the relief of the poor is made, subject to appeal.

Allowance for Poor Rates.—In making the assessment on the landlord or immediate lessor, where the

amount or annual value on which the assessment is made, is not less than the annual rent reserved or payable, an allowance or abatement of a proportionate part of the duty is to be *made in respect of the amount of the poor rates which the landlord or lessor has paid or borne in the preceding year.*

If the amount or annual value on which the assessment is made is less than the rent, then such allowance or abatement is to be made only in respect of so much as the amount of the poor rate added to the sum on which the assessment is made exceeds the actual rent.

Appeal.—If upon the appeal of any person deeming himself aggrieved by any such assessment, it is proved to the satisfaction of the Commissioners, Assistant-Barrister, Chairman, or Recorder, by whom such appeal is heard or re-heard, as the case may be, *that such assessment is made upon an amount or value exceeding the annual rent at which the property in respect whereof such assessment is made, is worth to be let from year to year, the person hearing or rehearing such appeal will give relief by reducing and abating such assessment, and charging the duties on the amount of such annual value notwithstanding that the same may be less than the annual value of the premises, according to any such survey or valuation.*

If the annual value at which such property is worth to be let, exceeds the actual rent payable yearly by the tenant or occupier, the *landlord or immediate lessor* is to be assessed under Schedule A on the amount of such *actual* rent only, and the tenant or occupier is to be assessed under the same

schedule on the *difference* between that amount and the amount of such last mentioned annual value, subject, nevertheless, to any claim for exemption to which the parties respectively may be entitled.

Where any person receiving rent in respect of any hereditament in *Ireland*, exempt from being rated to the relief of the poor, is liable to be rated in respect of such rent to the extent of one-half the poundage of any poor rate, the said duties in *Ireland* chargeable under the said Schedule (A) shall be charged and assessed upon such person by a poundage rate upon the full amount of such rent.

Poor Rate Valuation.—If in any cases it should appear to the Commissioners of Inland Revenue that the existing valuations are incorrect, they may direct the Commissioners of Valuation to make a revaluation forthwith and transmit it to them.

The revaluation is to be made according to the principles or rules by which *such incorrect valuation ought by law to have been made*.

The duties, after such revaluation, are to be charged and assessed accordingly.

If, however, any person assessed according to such revaluation deem himself aggrieved thereby, *he is entitled to appeal against such assessment on the ground of the incorrectness of such revaluation*.

The Commissioner, Assistant-Barrister, Chairman, or Recorder, upon hearing or rehearing such appeal, *may alter the revaluation as well as the assessment thereon*, and make such order in relation thereto as he may think fit.

Assessments, Schedules D and E.—On receipt of

the various returns, the Surveyors of Taxes proceed to make the assessments and issue the notices of charge. The appeals are heard and determined by the Commissioners for Special Purposes.

Their determination is final and conclusive, unless any person thinks himself aggrieved by such determination, and requires the appeal to be reheard, in which case he may, on giving notice in writing to the Inspector or Surveyor, *within ten days after such determination, require such appeal to be re-heard by the Assistant-Barrister for the county or riding where he has been assessed*; or in case he has been assessed in the county of Dublin, by the Chairman of the Sessions of the Peace of the county of Dublin; or in case he has been assessed in the city of Dublin, by the Recorder of the city of Dublin; or in case he has been assessed in the borough of Cork, by the Recorder of the borough of Cork.

On the re-hearing of an appeal, any statement or schedule in the possession of the Commissioners for Special Purposes, returned to them for the purpose of such appeal, is to be transmitted by them to the Assistant-Barrister, Chairman, or Recorder, who is required to re-hear and determine such appeal with all convenient speed.

The determination of such Assistant-Barrister, &c., *is final and conclusive.*

If persons neglect to appeal, the *assessment is held to be conclusive*, and they are precluded *from afterwards disputing or questioning it in any way whatever.*

Collectors and Collection of the Duties.—As the Collectors are not parochial officers, the unions, elec-

toral divisions, &c., are not answerable for the amount of duties charged, nor for any neglect or default of the Collector in demanding or collecting them.

Neither can any reassessment be made upon any place for arrears or loss occasioned by neglect or default of the Collector.

The law relating to the collection and recovery of the duties is in most respects similar to that which governs the proceedings in Great Britain. It differs, however, in the following respects:—

The duty assessed under Schedule A may be collected, recovered, and levied from the landlord or immediate lessor of the premises assessed, *without any further authority than the warrant annexed to the Collector's duplicate, provided the landlord or immediate lessor be assessed*, and has goods within his district.

Where the landlord or immediate lessor is not assessed, *or* has no goods within the district, the Collector's warrant is inoperative, and he is authorized and empowered to use, exercise, and put in force against such landlord or immediate lessor all or any of the remedies, ways, and means provided by an Act of the 1st & 2nd Vic., cap. 56, and an Act of the 6th & 7th Vic., cap. 92, or either of the said Acts by which any rate made for the relief of the destitute poor in Ireland may be collected, recovered, or levied from any immediate lessor primarily liable to the payment of rates for premises, the occupier of which is exempted from such payment.

When any proceeding for the recovery of any such rate is by law required to be had or taken in the

name of the Guardians of a Poor Law Union, or by the direction or with the consent of such Guardians, or of the Poor Law Commissioners, or by or with any other direction or consent, the *like proceeding for the recovery of the said duties under the Income Tax Act, may be had and taken by and in the name of the Collector, and without any such direction or consent.*

But when any assessment under Schedule A has been made upon the tenant or occupier of the premises assessed, the landlord or immediate lessor is liable to be proceeded against in this manner only in default of payment by the tenant or occupier, *and for the recovery of so much only of the duty as shall be chargeable in respect of the rent payable yearly to the landlord or immediate lessor for the premises assessed.*

Claim by Landlord in respect of Rent lost by Bankruptcy or absconding of Tenant.—When any landlord or immediate lessor has paid the duty, and afterwards proves to the satisfaction of the Commissioners for Special Purposes that the rent for the period for which the duty was assessed, or any portion of it, has been wholly and irrecoverably lost *by reason of the bankruptcy, insolvency, or absconding of the tenant or occupier, or by the fraudulent assignment or removal of his goods, or by reason of such tenement or hereditament being left waste and unoccupied,* he shall be entitled to be repaid such proportion of the duty as he shall have paid in respect of the rent so lost, provided the claim be made *within the period of six calendar months after the expiration of the year for which the said duty was assessed.*

Claims of Exemption and Abatement.—Claims of exemption by reason of the income of any person being under £100 a year, and the claims for relief or reduction of assessment on the ground of income being under £200 a year, and all claims for return or repayment of any duties, are to be made to and adjudicated and finally determined by the Commissioners for Special Purposes, with liberty, however, to appeal to the Assistant-Barrister, Chairman, or Recorder (as the case may require), in the same manner as persons charged by an assessment and feeling aggrieved.

The income arising from the occupation of lands, tenements, or hereditaments, by any person claiming exemption or relief, is to be deemed to be one-third of the annual value on which the same shall be chargeable under Schedule B of this Act.

Tithe Rent-charge.—As tithe rent-charges belonging to or held by ecclesiastical persons or bodies in Ireland are liable, in many cases, to heavy charges in respect of the tax payable to the Ecclesiastical Commissioners for Ireland, poor rates, the repayment of instalments for the building or repairing of glebe houses, or other charges: they are entitled, with a view to an allowance being granted, to make application to the Commissioners for Special Purposes, setting forth the deductions or charges to which their incomes have been subjected during the preceding year in respect of tithe rent-charge, poor-rates, and other charges and matters of the like nature and description as those in respect of which the Ecclesiastical Commissioners are directed to make allow-

ances or deductions in estimating the value of a benefice or other ecclesiastical property, with a view to its taxation, under the provisions of an Act passed in the 3rd and 4th years of King William IV., c. 37.

Such person or body, on proof to the satisfaction of the Commissioners for Special Purposes that the income has been actually subjected to such charges or deductions, is entitled to have repaid to him *the difference between the amount of Income Tax calculated on the gross income, and the amount to which such person or body would have been liable supposing the Income Tax to have been assessed upon his income after deducting charges referred to.*

SUPPLEMENTARY CHAPTER.

MODIFICATIONS IN THE INCOME TAX, 1863-4.

SINCE the year 1853, when incomes of £100 were, for the first time, rendered liable to the tax, there have been two rates of duty—the lower rate being applicable to incomes above £100, but not exceeding £150.

It is now proposed to abolish the double rate of duty altogether, and to charge one single rate of Sevenpence in the pound *upon all incomes*, exempting, however, those below £100, as before.

But a benefit of the utmost importance is extended to those whose incomes range between £100 and £200 per annum.

In such cases *an abatement of £60 is to be allowed,*

and the duty is to be charged *only upon the residue of such incomes*, after making a deduction to that extent.—*Vide* Illustrative Cases, page 327, and Tables of Duty for 1863–4, at the end.

The severe pressure of the tax upon small incomes was so clearly and justly commented on by the Chancellor of the Exchequer, when introducing his budget for 1863, that his observations are given *in extenso*. Mr. Gladstone said:—

“ When Mr. Pitt first introduced the Income Tax, £60 was the limit of the incomes to which the tax began to attach. But it began to attach in a form so very mitigated as to be of very little financial value, and I should be sorry to be the man to return to such a provision in the construction or rather reconstruction of the tax. Mr. Pitt fixed the limit upwards at £200, and it was only on incomes at and above that amount that the full force of the tax fell. A very complicated series of arithmetical tables of deductions was submitted by him to Parliament, which provided that the deductions should grow larger and larger as the incomes became less and less down to the point fixed.

“ I have cited the authority of Mr. Pitt simply to show that in his view, and in the view of the Parliament of that day, £200 constituted the limit at which the full operation of the tax ought to begin to attach.

“ It is undoubtedly true that since the time of Mr. Pitt the wealth of the country has enormously increased, and that with that enormous increase in wealth the relative value of a given pecuniary income has become diminished by many pounds sterling. An income of £200 a year at the present day gives less consequence to a man, and less social standing, than it did in the time of Mr. Pitt; and an important part of the proposal I am about to make is, that we should fix £200 a year as the limit below which some deduction or favour in some form should attach to incomes liable to the Income Tax.

“ At a later period, under the pressure of war, the limit was carried down to £150. When Sir Robert Peel revived the tax, in 1842, he revived it at that amount, but he did so entertaining the hope of its early extinction.

“ When, in 1853, the tax was renewed for seven years, and again with a hope of its extinction, which proved to be fallacious,

the limit of the tax was taken downwards, and fixed at £100, instead of £150. The ground upon which that was done, and I think justly done by Parliament, was this: It was shown that no class of the community had benefited more by the general extension of trade and the increase of profits resulting from the imposition of the Income Tax, and the diminution of protective and other indirect duties, than that class whose incomes ranged between £100 and £150 a-year. It was, I may say, due in justice to those who had incomes somewhat above £150 per annum, that those whose incomes were immediately under that sum should not be allowed to escape untaxed.

“ I think we are about right in saying that the application of the duty might commence with incomes of £100. I do at the same time most confidently state—having now held my present office for a considerable term of years, and I know I shall be supported in the view which I take by all the authorities concerned in the working of the tax when I say it—that the real sore place in the working of the tax is to be found in the weight with which it presses on incomes ranging between £100 and £200 per annum. I am myself, I may say, the confidential recipient of the sorrows and grievances of the taxpayers of the country. There is scarcely a morning which does not bring me complaints of the pressure of the Income Tax, and I believe I am stating the case moderately when I inform the Committee that nineteen out of twenty of those complaints come from persons having incomes between £100 and £200 a-year. One thing which makes the tax specially galling to that class is this, that there is no portion of the incomes of the country—and this is my fixed opinion—on which the tax is more accurately and fully levied than it is upon the lower class of incomes. The concerns of those who possess only these smaller incomes are more transparent than those of their richer fellow-countrymen; every neighbour can see through them; they live in glass houses, and deception, if they were disposed to deceive, is for them almost entirely impossible. They pay the tax fully and rigidly, while they say a good many above them do not in that respect follow their example.

“ What we find to be the two pinching points in the operation of the tax are, where it falls upon incomes of £100 a-year and a little over, and £150 a-year and a little over that amount also.

“ The proposal of the Government is this,—and it will in my opinion go far to meet what we think to be, I do not say the strict and rigid justice of the case, because mathematical justice is hardly applicable to this subject, and in principle there is no injustice in calling upon any man who is able to pay Income

Tax to do so, but that kind of equitable justice which it is the desire of Parliament to administer with a due regard to public prudence and policy, and that degree of pressure which is practically brought to bear on flesh and blood in matters of taxation. We say, retain incomes of £100 a-year as the point at which a man will become taxable; fix upon incomes of £200 as the point at which he may be brought under the full sweep of the tax; remove the distinction at £150 altogether, abolish the double rate, have only one rate, but allow every taxable person whose income ranges between £100 and £200 a-year to make a deduction of £60 from his taxable income. The effect of that will be to get rid almost entirely of those sore points in the operation of the tax to which I have alluded.

“Those who entertain very strong objections to the Income Tax may, perhaps, think it would be better to retain all its inequalities. I have, however, always felt, and I continue to feel, the force of these objections; but at the same time I think it is our duty to remove, wherever it is practicable, those inequalities which produce great public discontent. I speak the opinion of all who are practically conversant with the working of this branch of the revenue when I say that the adoption of this proposal will be a great, I may almost say an immeasurable boon to those classes whom it concerns.”

It has not yet been announced in what manner the arrangements are to be carried out, for the purpose of giving effect to the new mode of assessing incomes under £200 per annum.

The following practical cases will, however, serve to illustrate the intention of the Legislature with reference to the abatement of £60:—

Illustrative Cases.

CASE 1.—*Clergyman—Tithe-rentcharge.*—His income is thus made up:—

Tithe-rentcharge,	£220
Deduct parochial rate, &c.,	80
	— £190

As he has no other source of income, he is entitled, under the Act of 1863, to the abatement of £60, and

will, accordingly, only be liable to the duty on £130, viz., £3 15s.

CASE 2.—Curate—Stipend.—He receives a stipend of £110 a year, and has no other source of income. He will therefore be liable to the duty upon £50 at 7d., viz., £1 9s. 2d.

CASE 3.—Clerk—Salary and Public Stock.—His income consists of—

Salary,	£150
£1,000 3 per cent. consols,	80
	<hr/>
Total income from all sources,	£180

His total liability will be £120, at 7d., viz., £3 10s.

CASE 4.—Clerk—Salary and Profits from Wife's Business.—The following are the particulars of his income:—

Salary,	£120
Profits realized by his wife as milliner,	70
	<hr/>
Total income,	£190

He will be liable to the duty on £130, at 7d., viz., £3 15s. 10d.

CASE 5.—Chemist and Druggist—Income from Trade and Wife's Property.—His income consists of—

Profits realized in his business,	£160
Dividends from railway stock possessed by his wife,	20
Rent of cottage possessed by his wife,	10
	<hr/>
Total income,	£190

Liable to the duty on £130, at 7d., viz., £3 15s.

CASE 6.—No Occupation—Income realized from Property and Money Lent.—Particulars:—

Rent of house and land let to A. B.,	.	.	£120
" two cottages,	.	.	15
Value of house occupied by himself,	.	.	25
Interest of £500 lent on mortgage,	.	.	25

Total income, £185

Liable to the duty on £125, at 7*d.*, viz., £3 12*s.* 11*d.*

CASE 7.—Farmer—Occupier only.—Particulars of his income:—

Occupation of land—Rent,	.	.	£350
Tithes,	.	.	30
<hr/>			
½) 380—£190			

Liable to the duty (under Schedule B), on £130, at 7*d.* (or £260 at 3½*d.*), viz., £3 15*s.* 10*d.*

CASE 8.—Farmer—Owner and Occupier.—Particulars of his income:—

Value of house and land in his own occupation,	.	.	£120	0	0
Occupation of same—Value,	.	.	£120		
Tithes,	.	.	15		
<hr/>					
½) 185—67 10 0					

Total income, £187 10 0

Liable to the duty (under Schedules A and B), on £127 10*s.*, at 7*d.*, viz., £3 14*s.* 1*d.*

CASE 9.—Schoolmistress—Income from Annuity—Foreign Stock, &c.—Particulars of her income:—

Profits from school,	.	.	£100
Value of house occupied by herself,	.	.	80
Annuity secured by will of her late father,	.	.	50
Dividends from foreign stock,	.	.	10

Total income, £195

Liable to the duty on £135, at 7*d.*, viz., £3 18*s.* 9*d.*

amount or annual value on which the assessment is made, is not less than the annual rent reserved or payable, an allowance or abatement of a proportionate part of the duty is to be *made in respect of the amount of the poor rates which the landlord or lessor has paid or borne in the preceding year.*

If the amount or annual value on which the assessment is made is less than the rent, then such allowance or abatement is to be made only in respect of so much as the amount of the poor rate added to the sum on which the assessment is made exceeds the actual rent.

Appeal.—If upon the appeal of any person deeming himself aggrieved by any such assessment, it is proved to the satisfaction of the Commissioners, Assistant-Barrister, Chairman, or Recorder, by whom such appeal is heard or re-heard, as the case may be, *that such assessment is made upon an amount or value exceeding the annual rent* at which the property in respect whereof such assessment is made, is worth to be let from year to year, the person hearing or rehearing such appeal will give relief by reducing and abating such assessment, and charging the duties on the amount of such annual value notwithstanding that the same may be less than the annual value of the premises, according to any such survey or valuation.

If the annual value at which such property is worth to be let, exceeds the actual rent payable yearly by the tenant or occupier, the *landlord* or *immediate lessor* is to be assessed under Schedule A on the amount of such *actual* rent only, and the tenant or occupier is to be assessed under the same

schedule on the *difference* between that amount and the amount of such last mentioned annual value, subject, nevertheless, to any claim for exemption to which the parties respectively may be entitled.

Where any person receiving rent in respect of any hereditament in *Ireland*, exempt from being rated to the relief of the poor, is liable to be rated in respect of such rent to the extent of one-half the poundage of any poor rate, the said duties in *Ireland* chargeable under the said Schedule (A) shall be charged and assessed upon such person by a poundage rate upon the full amount of such rent.

Poor Rate Valuation.—If in any cases it should appear to the Commissioners of Inland Revenue that the existing valuations are incorrect, they may direct the Commissioners of Valuation to make a revaluation forthwith and transmit it to them.

The revaluation is to be made according to the principles or rules by which *such incorrect valuation ought by law to have been made*.

The duties, after such revaluation, are to be charged and assessed accordingly.

If, however, any person assessed according to such revaluation deem himself aggrieved thereby, *he is entitled to appeal against such assessment on the ground of the incorrectness of such revaluation*.

The Commissioner, Assistant-Barrister, Chairman, or Recorder, upon hearing or rehearing such appeal, *may alter the revaluation as well as the assessment thereon*, and make such order in relation thereto as he may think fit.

Assessments, Schedules D and E.—On receipt of

APPENDIX,

FORM OF RETURN under the INCOME

(D.)

Schedule of Income of A. B. (description) of the Division Account.

No.	Description of Property from which the Income arises.	Annual Value.
		£ s. d.
1	Lands occupied by me as owner,	
2	Houses and buildings occupied by me as owner,	
3	Lands in the occupation of tenants at rack-rent,	
4	Lands demised to tenants in consi- { Amount of fines on an } £ s. d. } deration of a fine paid and rent { average of years, . }	
5	Lands demised to tenants in consi- { Amount of rent, . } deration of a fine without any rent { Amount of fines re- } reserved, or nominal rent only. { ceived upon an ave- } rage of years, . . }	
6	Houses demised to tenants at rack-rent,	
7	Houses demised to tenants in consideration of rent reserved, and fine,	
8	Houses demised to tenants in consideration of a fine without rent, or a nominal rent only,	
9	Tithes received in kind or com- { Amount of average receipt } £ s. d. } position reserved for the same. { for three years, . }	
10	Profits { Manors, Average receipt for years, . } of { Timber, Ditto, ditto, . . . }	
	{ Woods, Ditto, ditto, . . . }	
	{ Mines, { Average receipt not exceed- } ing five years, . . . }	
	{ Other profits of uncer- } Average receipt for years, . }	
11	Lands or hereditaments demised to me as tenant at rack-rent,	
12	Profits { Manors, Demised to me, . . . } £ s. d. }	
	{ Timber, Average the same as the }	
	{ Woods, 10th case, deducting the }	
	{ Other hereditaments of } rent payable, . . . }	
	{ uncertain amount, . }	
	{ Tithes taken in kind, . } Average as in the 9th case, {	
	{ " compounded for, } deducting the rent, . }	
13	Lands or tenements demised to me in consideration of a fine, whether with or without a rent reserved; annual value,	
14	{ Lands or tenements demised to me in consideration of fine, } £ s. d. }	
	{ with or without a rent, and underlet to a tenant, . }	
	{ Lands demised to me at rent, and underlet to a tenant at } an improved rent, }	
15	From professions, offices, pensions, stipends, employment, trade, or vocation,	
16	From annuities, interest of money, rent-charge, and other payments and allowances applied to my use, including income of the wife (if any) for which she or her trustee or trustees shall not be charged by virtue of this Act, living with husband, though separately secured,	
17	From foreign possessions,	
18	From money arising from foreign securities,	
19	From any income not falling under any of the above heads, or within the rules prescribed by the Act,	
	Nature of the income and grounds on which the amount thereof is estimated	
	TOTAL Amount of Property,	£
	Deductions from above,	
	Income Chargeable,	£

No. 1.

Tax Act, 39 Geo. 3, cap. 13, passed in the year 1799.

(D.)

Schedule of Income of A. B. (description) of the Division Account.

DEDUCTIONS.		£	s.	d.	£	s.	d.						
Land-tax payable on the several properties mentioned under Noa. on the other side, from the day of to the day of last past,		}											
Fines paid upon an average of years,													
Fee-farm rents payable out of Noa. , on the other side, .													
Quit-rents payable out of Noa. , ditto,													
Rent-charges payable out of Noa. , ditto,													
Ground-rent payable out of Noa. , ditto,													
Other rents payable out of Noa. , ditto,													
Tithes,		}											
Procurations, synodals payable (by ecclesiastical persons) out of No. , upon an average of seven years,													
Repairs {	(Of farm, with principal messuage, under Noa.							}					
	Of farm buildings, without principal messuage, under Noa.												
	Of draining lands, under Noa.												
	Of embankments, under Noa.												
	Of houses and buildings not occupied with a farm, under Noa.												
	Of chancels of churches by rectors, vicars, and others bound to repair the same upon an average of 21 years,												
Tithes {	Expenses in collecting the same, upon an average of three years,	}											
	Value thereof paid in kind upon an average of three years,												
	Value of composition for the same upon an average of three years,												
	Value of composition for the same upon an average of three years,												
Annual interest payable for debts, { Personal, Charged on Noa. ,		}											
Allowances to children and other relations; viz. [.]													
Assessed taxes under Acts 38 Geo. 3, c. 40 and 41,													
Annuities,													
Land-tax on personal estates, offices, and pensions, and premiums of insurance on life,		}											
TOTAL Amount of Deductions,													

Memorandum.—The local situation of the several properties in the opposite column must here be described under their respective numbers; and if in Great Britain, the several parishes and counties in which they are situate, together with the several places of residence of the party.

Witness my hand this day of

APPENDIX, No. 2.

No. 1.

AN ACCOUNT of the Number and Amount of ASSESSMENTS under the Act of 48 Geo. III., cap. 124, to the Income Tax, for the Year ending the 5th of April, 1801: distinguishing the Number and Amount Assessed at under £200, and at £200, and all above; and also the Total Amount of Property Assessments in each of the Years 1803 and 1812, together with the Number of Properties, according to the Land Tax Assessments of 1798, as stated in the Second Report of the Commissioners for Inquiring into the Law of Real Property.—Folio 72.

—	Total, England and Wales.	Scotland.	Great Britain.	Proportion of Income	
				Derived from Trade.	Other Sources.
No. of Assessments in 1801:					
Under £200, . . .	235,479	16,220	251,699	—	—
£200 and above, . .	64,743	4,317	69,060	—	—
Total, . . .	300,222	20,537	320,759	—	—
Amount of Asses- ments in 1801:	£	£	£	£	£
Under £200, . . .	694,561	43,787	738,348	45,881	10,303
£200 and above, . .	4,834,821	280,461	5,115,282	1,060,843	376,760
Total, . . .	5,529,382	324,247	5,853,629	19,768	—
Deductions for Chil- dren, . . .	347,108	23,933	371,041	—	—
Annual Value of Pro- perty Assessments:					
1803,	96,627,077	7,653,036	104,280,113	11,071,239	—
1812,	116,917,626	13,140,120	130,057,746	—	—
No. of Properties ac- cording to Land Tax Assessments of 1798,	1,466,850	—	1,466,850	—	—

No. 2.

AN ACCOUNT of the Amount of PROFITS Assessed to the PROPERTY TAX under Schedule (D) in seventeen classes, in the Year 1812, ending the 5th of April, 1813.—*Vide* Fol. 85, Vol. X., of Papers, Sess. 1814–15.

—	Total, England and Wales.	Scotland.	Great Britain.
	£	£	£
£50 and under,	2,181,215	562,789	2,744,006
£50 and under £100,	6,628,487	456,588	7,085,075
Above £100 { £150,	3,129,672	177,262	3,306,934
" £150 { £200,	1,612,375	111,443	1,723,818
" £200 { £300,	2,212,049	167,283	2,379,332
" £300 { £400,	1,570,494	119,397	1,689,895
" £400 { £500,	1,113,624	69,492	1,183,116
" £500 { £600,	1,091,233	72,880	1,164,113
" £600 { £700,	746,888	48,668	795,557
" £700 { £800,	530,727	29,853	560,580
" £800 { £900,	580,435	29,461	609,896
" £900 { £1,000,	378,804	15,779	394,583
" £1,000 { £1,500,	1,617,254	93,567	1,710,821
" £1,500 { £2,000,	983,844	59,254	1,043,099
" £2,000 { £3,000,	1,510,897	82,795	1,593,692
" £3,000 { £5,000,	1,789,108	62,617	1,851,725
£5,000 and upwards,	4,492,698	154,697	4,647,395
Total Amount Assessed,	32,069,808	2,313,824	34,383,633
Account of Amount of Exemptions on the ground of Income under £50 :—			
Amount of Income returned from all sources,	6,238,993	1,053,660	7,292,654
Amount of Duty exempted,	477,259	84,088	561,346

No. 3.

AN ACCOUNT of the Annual Value of Property Assessed to the PROPERTY TAX, under each of the Five Schedules A–E, in the Year ending the 5th of April, 1804; and the Total Net Assessment in each of the Years ending the 5th of April, 1804, 1801, and 1813.—*Vide* Parliamentary Paper, No. 103, Vol. XII., Fol. 363, Session 1806.

—	Total, England and Wales.	Scotland.	See Foot Note. (*).	Total, Great Bri- tain.
Schedules :	£	£	£	£
A.	34,864,145	3,827,249	—	38,691,394
B.	22,705,319	1,574,363	—	24,279,682
C.	6,707,326	170,741	5,040,000	11,918,067
D.	31,811,996	1,919,960	1,222,260	34,854,206
E.	538,293	160,723	4,909,579	5,608,603
Total, 1803,	96,627,077	7,652,036	11,071,839	115,351,952

* These additional totals imply as follows, viz. :—C, payments into the bank on dividends ; D, awards by referees in the city of London ; and E, income derived from public offices ; and the £19,768 in 1801, consisted of voluntary contributions.

No. 3—continued.

AN ACCOUNT of the Annual Value of Property Assessed to the PROPERTY TAX, under each of the Five Schedules A–E, in the Year ending the 5th of April, 1804 ; and the Total Net Assessment in each of the Years ending the 5th of April, 1804, 1801, and 1813.— *Vide* Parliamentary Paper, No. 103, Vol. XII, Fol. 363, Session 1806—continued.

—	Total, England and Wales.	Scotland.	See Foot Note on preceding page.	Total, Great Bri- tain.
	£	£	£	£
Deductions from A and B,	2,646,922	510,335	—	3,157,256
Net Assessments in the Years ending—				
1804,	3,871,302	295,145	527,713	4,694,160*
1801,	5,529,882	324,247	19,768	5,873,896†
1813,	9,071,634	963,366	—	10,635,000†

* Rate of Duty—5 per cent. † Rate of Duty—10 per cent.

No. 4. Specification of the Value Assessed in 1812, under Schedule A.		No. 5. Specification of Amounts Assessed in 1812, under Schedule D.	
Schedule A.	Great Britain.	Schedule D.	Great Britain.
	£		£
Lands,	37,666,347	Under £50,	2,744,005
Houses,	15,534,499	£50 } £100,	7,085,075
Tithes,	2,583,687	£100 } £150,	3,306,934
Manors,	68,248	£150 } £200,	1,723,818
Pines,	193,487	£200 } £300,	2,379,332
Quarries,	65,598	£300 } £400,	1,689,895
Mines,	465,436	£400 } £500,	1,183,116
Iron Works,	379,748	£500 } £600,	1,164,113
General Profits,	81,997	£600 } £700,	795,557
		£700 } £800,	560,580
Total, 1812,	57,129,047	£800 } £900,	609,895
		£900 } £1,000,	294,583
		£1,000 } £1,500,	1,710,821
		£1,500 } £2,000,	1,043,099
Lands, Houses, and Tene- ments assessed accord- ing to Rent,	33,682,052	£2,000 } £3,000,	1,593,692
According to Value— Occupied by Owners,	10,373,626	£3,000 } £5,000,	1,851,725
Occupied by Tenants,	9,145,164	£5,000 and upwards,	4,647,395
Total, 1812,	53,200,846	Total,	34,383,633
		Exemptions { Income,	7,292,654
		under £50, { Duty,	561,346

APPENDIX, No. 3.

No. 1.—SCHEDULE A.

ACCOUNT showing the Amount Assessed under each of the following heads in the Years ending 1843 and 1860.

Heads of Assessment.	England and Wales.		Scotland.	
	Years ending		Years ending	
	1843.	1860.	1843.	1860.
	£	£	£	£
Lands,	40,167,088	42,940,209	5,586,528	6,281,680
Messuages,	35,556,400	48,779,076	2,919,339	4,968,840
Tithes,	1,960,331	54,738	—	—
Manors,	152,217	212,014	—	—
Pines,	319,141	225,639	902	3,498
Quarries,	207,009	366,222	33,474	47,021
Mines,	1,903,794	3,658,517	177,593	356,938
Iron Works,	412,022	1,134,012	147,413	383,218
Fisheries,	11,105	16,840	47,810	54,847
Canals,	1,329,202	772,312	77,891	70,684
Railways,	2,417,610	10,732,838	181,333	1,299,724
Gas Works,	—	918,702	—	122,646
Other Property,	1,466,815	2,080,266	309,480	225,502
General Profits,	—	191,364	—	79,482
Total,	85,802,734	112,082,749	9,481,763	13,974,080

N.B.—A similar statement cannot be given for Ireland, owing to the absence of official data.

* Included with "Other Property."

No. 2.

The AMOUNT of DUTY charged in Great Britain in 1842 and 1849, and in the United Kingdom in 1853 and 1859, and the Proportion thereof produced from each 1d. of the Duty.

Year ended April 5.	Rate of Duty on Incomes above £150.		Amount of Duty charged.	Amount produced from each 1d. of Duty.
1843,	7d. in the £, .	—	£ 5,678,518	£ 849,013
1850,	"	—	5,729,577	865,149
	Incomes of £100 and under £150.	Incomes of £150 and upwards.		
1854,	5d. in the £, .	7d. in the £, .	7,133,039	1,101,334
1860,	6½d. " .	9d. " .	10,424,887	1,239,764

No. 3.

SIR ROBERT PEEL'S ESTIMATE of the assumed INCOME arising from different sources in Great Britain, and the anticipated Duty thereon, at 7d. in the pound, as stated by him on introducing the Income Tax Bill, in the Year 1842; with Tables, showing the ascertained Income, and the Amount of Duty actually received.

Schedules.	Estimate of Income.	Ascertained Income, 1842-3, from Official Documents.	Schedules.	Estimate of Duty.	Amount of Duty actually received in 1842-3.
Schedule A.—1. Rent of Land,	£ 39,400,000	£ 45,753,616	Schedule A,	£ 1,600,000	£ 2,500,968
" 2. Rent of Houses,	25,000,000	28,475,739	" B,	150,000	234,564
" 3. Tithes,	3,500,000	1,960,331	" C,	646,000	812,983
" 4. Dividends of Railway Companies, Canals, and property of similar description,	3,429,000	6,483,989	" D,	1,220,000	1,681,852
" 5. Mines and Iron Works,	1,500,000	2,640,822	" E,	155,000	278,181
Total,—Schedule A,	72,829,000	95,284,497	Total,	3,771,000	5,608,548
B.—Rent of Land in respect of occupation,	26,000,000	46,769,915			
" C.—Income from Public Funds, &c.,	30,000,000	27,909,793			
" D.—Profits of Trades and Professions,	56,000,000	71,330,344			
" E.—Official Income—Public and Private,	7,000,000	9,718,454			
Total,	191,829,000	251,013,003			

No. 4.

Account showing the VALU of PROPERTY and PROFITS assessed under each Schedule in England and Wales and Scotland in the Years ending 1843 and 1860, and in Ireland in the Years 1854 and 1860; with the increase during the respective periods.

SCHEDULES.	England and Wales.			Scotland.			Ireland.		
	Years ending		Increase.	Years ending		Increase.	Years ending		Increase.
	1843.	1860.		1843.	1860.		1854.*	1860.	
£	£	£	£	£	£	£	£	£	£
26,602,734	112,082,749	26,260,016	9,421,723	12,974,040	4,462,217	11,767,210	12,093,239	1,126,019	
41,256,550	42,983,963	1,397,413	6,211,365	6,221,690	1,070,315	2,665,680	2,762,397	99,707	
27,909,793	28,342,070	432,277	—	—	—	1,451,205	11,252,212	—	
42,021,904	81,981,367	12,899,362	9,508,446	9,022,144	217,696	4,621,909	4,891,652	270,663	
2,417,463	17,009,260	7,691,797	306,991	1,031,320	720,229	561,224	1,052,204	192,480	
277,710,444	282,212,209	54,601,965	22,202,560	20,912,124	6,610,259	19,942,283	21,004,672	1,062,389	

* The year of the extension of the Tax to Ireland. † Decrease.

No. 5.

NUMBER of PERSONS charged to the INCOME TAX in Great Britain and Ireland, for the Year ended 5th April, 1861, under Schedules D and E, distinguishing the Amount of Income on which the Duty is charged, and the Amounts of Tax charged upon each Class.

I. TRADE AND PROFESSIONS—(SCHEDULE D.)

CLASSES.	GREAT BRITAIN.			IRELAND.		
	Number of Persons in each Class.	Income on which the Duty is charged.	Amount of Tax charged upon each Class.	Number of Persons in each Class.	Income on which the Duty is charged.	Amount of Tax charged upon each Class.
		£	£		£	£
Under £100 a year, .	17,202	1,128,815	32,923	1,254	77,999	2,275
£100 and under £150, .	132,903	13,073,305	446,288	8,351	820,719	28,060
150 " 200, .	41,872	6,630,423	276,268	2,534	397,665	16,570
200 " 300, .	36,247	8,072,733	336,364	2,396	535,093	22,295
300 " 400, .	16,568	5,270,600	219,608	1,095	349,452	14,561
400 " 500, .	8,112	3,407,738	141,989	561	237,782	9,903
500 " 600, .	6,066	3,136,489	130,687	401	207,228	8,634
600 " 700, .	3,449	2,128,662	88,694	244	149,734	6,239
700 " 800, .	2,314	1,674,291	69,762	173	129,998	5,416
800 " 900, .	1,946	1,596,671	66,528	141	116,039	4,834
900 " 1,000, .	889	814,157	33,923	61	55,907	2,330
1,000 " 2,000, .	6,020	7,683,421	320,351	305	397,282	16,553
2,000 " 3,000, .	1,761	4,044,638	168,526	96	222,327	9,264
3,000 " 4,000, .	895	2,902,963	120,957	45	154,918	6,455
4,000 " 5,000, .	493	2,116,221	88,176	11	48,482	2,020
5,000 " 10,000, .	897	5,996,353	249,848	28	170,986	7,124
10,000 " 50,000, .	530	10,094,248	420,594	25	417,547	17,398
50,000 and upwards, .	59	5,224,537	217,689	1	115,099	4,796
Total, year 1861, .	278,723	85,001,265	3,429,175	17,721	4,604,357	184,732
Total, year 1860, .	273,745	84,373,090	3,075,745	17,457	4,627,922	167,907

II. PROFITS OF OFFICE—(SCHEDULE E.)

		£	£		£	£
Under £100 a year, .	22,763	1,553,864	45,321	907	55,437	1,617
£100 and under £150, .	39,551	3,888,096	131,486	2,858	244,448	8,824
150 " 200, .	13,353	2,168,390	90,350	738	121,863	5,078
200 " 300, .	12,129	2,858,800	119,117	779	182,636	7,610
300 " 400, .	5,317	1,767,812	78,659	341	109,689	4,570
400 " 500, .	2,495	1,070,246	44,594	173	70,926	2,955
500 " 600, .	1,441	775,451	32,310	97	50,853	2,119
600 " 700, .	746	467,578	19,482	51	31,972	1,332
700 " 800, .	516	380,806	15,867	25	27,980	1,166
800 " 900, .	403	330,774	13,782	41	35,787	1,491
900 " 1,000, .	245	230,706	9,613	21	20,845	868
1,000 " 2,000, .	1,367	1,615,326	67,305	67	83,466	3,478
2,000 " 3,000, .	157	355,341	14,806	23	50,890	2,120
3,000 " 4,000, .	56	189,225	7,884	13	48,048	2,002
4,000 " 5,000, .	20	87,536	3,647	5	22,584	941
5,000 and upwards, .	69	520,411	21,684	3	32,928	1,572
Total, year 1861, .	100,628	18,260,361	710,907	6,152	1,190,351	47,543
Total, year 1860, .	98,437	17,820,413	636,269	5,810	1,020,787	37,419

No. 4.—DRAFT of REPORTS prepared by Mr. HUBBARD, the Right Hon. ROBERT LOWE, the Right Hon. T. H. S. SOTHERON ESTCOURT, and Sir STAFFORD H. NORTHCOTE, Bart.

DRAFT of REPORT prepared by the CHAIRMAN
(Mr. HUBBARD).

1. Your Committee which was appointed to inquire into the mode of assessing and collecting the Income and Property Tax, and whether any other mode of levying the same, so as to render the tax more equitable, can be adopted, have proceeded in this inquiry, and have examined witnesses thereon, and have come to a resolution which they have agreed to report to the House.

2. The tax which is the subject of their inquiry is called "Income and Property Tax," but it seems to your Committee essential to determine in the first instance whether in any, and if in any, then in what sense it can properly be both a Property Tax and an Income Tax; and if it cannot partake of the character of both, then to decide which it should be.

3. The Probate Duty, the Legacy Duty, and the Succession Duty, are, in the fullest sense of the word, Property Taxes. They are levied upon property at given ratios of its value; and as the proportion taken by the tax is often considerably in excess of the entire annual income or interest produced, it must be discharged by the sacrifice of a portion of the property. But these taxes are levied upon property only on change of ownership, and ordinarily at distant intervals.

4. The "Income and Property Tax" is an annual tax, and in that character should be levied upon the annual products of the capital and industry of the country. It may be assessed upon either property or income as the measure of its incidence, but if kept within certain limits, it may, in either case, be defrayed out of the annual products of the country, and need not encroach on its property or capital.

5. The double name of the present tax may have grown out of its being not only a property tax, as levied on the products of property, but also an Income Tax, as levied on the income derived from industrial earnings. It taxes products and earnings uniformly, and in so doing it imposes an uniform assessment on unequal matters.

6. It was with the object of removing this inequitable uniformity that Mr. Hume, in 1852, proposed a tax to be adjusted in accordance with—

- 1st. The value of the property;
- 2ndly. The tenure of the owner;
- 3rdly. The age of the owner.

And this tax he called a "*Property Tax*." Yet it is obvious that a tax, even thus carefully measured with reference to property, is, when annual and limited in amount, a very different tax from the duties on legacies and successions; that it is a tax assessed upon property, but paid out of income, and that Mr. Hume's Property Tax of one per mille would practically be the equivalent of an Income Tax of 6*d.* in the pound. Whether the tax be assessed on property or on income, the character of an annual tax requires that it abstain from any partial, irregular, or capricious action upon the corpus of the property or capital of the country.

7. Whatever may have been the merits of the scheme of taxation proposed by Mr. Hume, your Committee are not prepared to differ from the strongly expressed opinions of the chief officers of the Inland Revenue

Department in 1852, "that its administration would be attended with insurmountable difficulties."

8. In the assessment of the "*annual value* or *profits* of property," the existing tax acts on the principle of looking only to the products, and of consulting neither the market value of the property, the tenure of the owner, or his age. And your Committee assume that this principle will continue to be the rule of annual taxation upon the products of invested property; and that the tax, if reimposed, will be distinctly not a Property, but an "*Income Tax*."

9. The existing tax also charges the "profits or gains of professions, trades, and offices;" and the degree in which, under this head, the earnings of the industrial classes should be taxed is one of the most important portions of the inquiry upon which your Committee have been engaged.

10. Your Committee examined, in the first instance, Mr. Pressly and Mr. Timm, the Chairman and Solicitor of the Board of Inland Revenue, who acquainted them with the changes made in the Property and Income Tax Acts since 1852 (the date of the previous inquiry); they then examined, amongst others, Mr. Newmarch, well known as a statistical writer; Dr. Farr, the chief of the statistical department at the Registrar General's Office; Mr. Ansell, the experienced actuary of the Atlas Assurance Office; and Mr. John Stuart Mill. The Chairman of the Committee was personally examined upon the nature of a plan of adjustment which he had submitted to the committee. The legal profession, represented by Mr. Cookson, the President of the Incorporated Law Society; and the medical profession, represented by Mr. Lavies, Mr. Fergusson, and Dr. Webster, appeared before the Committee to support their petitions for relief. Evidence was also taken as to the outgoings upon real property, and as to the assessment of mining property.

DEFECTS OF THE PRESENT INCOME AND PROPERTY TAX ACTS.

11. Of the defects which are charged against the existing Act, the following are the most important:—

1. Capital given as the consideration for annuities terminable by lapse of years or lapse of life, is taxed in the annuity through which it is being repaid with interest.

2. Capital, in the course of realization through the working of mines, is taxed in the assessment of the entire value of their produce.

3. The portion of land-rent applied to the maintenance of the property in insurance and repairs is taxed, although not available as income.

4. The portion of house-rent applied to the maintenance of the property in insurance and repairs is taxed, although not available as income.

5. Rent paid in the shape of fines is assessed in the hands of the lessor, although the full annual value of the property may have been already taxed in the hands of the lessee or tenant.

6. Industrial earnings are taxed to their full extent, although their dependence on the life and efficiency of those whose labour is indispensable to their production requires that a considerable portion be annually saved; such portion, when invested as capital, being again taxed in its subsequent products.

PLAN OF ADJUSTMENT.

12. The plan of adjustment submitted to the Committee by the Chairman, divides into two classes the whole of the subjects of taxation now included under Schedules A, B, C, D, E. The first class includes all *incomes derived from invested property*. The second class includes *industrial incomes*.

13. Of the defects complained of five refer to incomes of the first class; they shall be separately noticed in the order in which they stand.

1.—“*Assessment of Terminable Annuities.*”

14. Among the various modes of contracting loans, annuities terminable with years or life have been a medium often convenient both to borrower and lender. The State has at various times borrowed largely upon terminable annuities, and although a considerable portion of the annuities for years expired in 1860, the State is now owing about £6,000,000, in annuities terminable with years, amounting to £995,000, and about £10,000,000 in life annuities, amounting to £1,053,000.

15. Annuities both for lives and years have been largely dealt in by private persons and companies; and both touching these and Government annuities, the law now requires that the Income Tax be levied upon each payment of the annuity, comprising, as it does, both capital repaid and interest upon the capital unpaid.

16. In raising a “*Life Annuity*,” one party, the grantee, advances a sum of money, and the other party, the grantor, covenants to pay an annual sum, which comprises a portion of the capital (to be thus gradually repaid), with interest on the residue remaining from year to year unpaid. The elements of computation which, with a given capital as purchase-money, fix the amount of the annuity, are the age of the life, and the rate of interest.

17. In raising an “*Annuity for a Term of Years*,” the elements of computation which, with a given capital as purchase-money, fix the amount of the annuity, are the number of years and the rate of interest; and the grantor covenants to pay the annuity to the grantee in return for the capital advanced.

18. These terminable annuities (and whether they be granted by the Government or by private capitalists is immaterial) involve at each instalment a repayment of capital; and to ascertain the amount of that capital, and what, consequently, is the amount

of interest, nothing is requisite but the knowledge of the rate of interest, and of the unexpired life, or of the term of years, as the case may be.

19. The imposition of income tax upon a terminable annuity has, therefore, the effect of abstracting from the creditor or grantee a sum equal to the percentage of the rate upon the entire debt. Thus, if a tax of 9*d.* in the pound be continuously levied upon the life annuities now payable by the Government, no less a sum than £375,000 would be retained by them out of the £10,000,000 which their obligation amounts to. Or if the State borrow £10,000,000 for the fortifications of the country, upon terminable annuities, and in the next year impose an Income Tax of 9*d.* in the pound, to operate during the term of the annuities, it will repay, not the £10,000,000 it borrowed, but only £9,625,000.

20. Where the borrower or grantor of the annuity is a private person or company, he retains for his own advantage the tax which the law, as now administered, requires him to abstract from the principal monies he is repaying. There is no reason for supposing that it was the intention of the original framers of the Income Tax to permit the State to repudiate any portion of its debt, or to restrain individuals from paying theirs in full. The memorial of the insurance companies in 1853, well remarked that the words in which the Legislature grant to the Crown a tax "upon all *profits* arising from annuities and dividends," cannot be construed as comprising the capital repaid, and the grievance has probably arisen from the indiscriminating use of the word *annuity*. The remedy for this defective administration of the Act is to follow out the course already taken by the Legislature.

21. In 1846 Parliament voted an advance of £3,000,000, to be lent to the landowners of Great Britain, at an interest of 3 per cent., repayable in

twenty-two years. The loan thus took the shape of a terminable annuity or rent-charge of £65 for every £1,000 lent. The 60th section of the 5th & 6th Vic., "empowered landlords to deduct and retain the Income Tax out of every rent-charge or annuity for which their land was liable;" but in 1853, the Legislature provided (16 & 17 Vic., c. 34, s. 42), "that whereas certain advances of public money have been made for the improvement of lands by way of loan," "and the repayment thereof has been secured by a rent-charge," "by which the principal sums advanced will eventually be repaid with interest thereon, and *it is just that provision should be made for deducting and allowing the duty charged by this Act in proportion to such interest*, on the payment of such rent-charge; it shall be lawful for any person paying any such rent-charge from time to time to deduct and retain thereout, in respect of the duty chargeable under this Act, one-third part of the sum which the rate of such duty, computed on such rent-charge, will amount to, *and no more*.

22. It only remains that the just provision made in 1853, for the protection of the State, as a creditor, should now be extended to its own obligations as a debtor, and to the obligation of its subjects relatively to one another.

23. It might be questioned whether those who have lent their capital on terminable annuities at a time when an Income Tax existed, can rightfully ask to have their capital released from taxation; but the answer is obvious—"the Income Tax has never been imposed except as a transient tax, and the annuitant is, therefore, free to demand protection for his property." Here, however, the precedent of 1853 is again conclusive. The State became the annuitant of the landowners of Great Britain in 1846. An Income Tax then existed; but in 1853, on the re-

enactment of the tax, the State expressly restrained the grantors of its annuities from deducting the duty upon the "principal sums advanced."

24. As to the mode of carrying out the discrimination of capital and interest in a terminable annuity, your Committee recommend that the tables appended to the Succession Duty Act be the basis on which the taxable interest on an annuity for life or years shall be found, in cases where positive material for computation is not patent in the contract for the annuity, and that tables thus prepared be appointed as the legal means of adjusting for taxation either public or private terminable annuities.

25. The proportion of one-third of annual interest in the land annuities for 1846, assumed by the clause of 1853, must now be maintained until they expire; for the landowner having been confined to a deduction of the tax upon one-third as interest, when the interest exceeded that proportion, is entitled to continue it now that the interest will be below one-third, in order that he may not forfeit the average amount of deduction.

26. The proportion of interest varies from £48 out of each £100 of the annuity in the first year to £3 in the last of the term of twenty-two years, but on the aggregate the interest is represented with a tolerable approximation to justice in the proportion of one-third, as fixed by the 42nd section of the Act.

2.—Mines and Mining Adventures.

27. Under the existing law, mineral rents and royalties accruing to the owner, and the profits derived from working the mineral, are together assessed under Schedule A, on the amount of the produce or value, irrespectively of the return which either the mine owner or the mine worker would make under the head of "profits." The tax upon the assumed value of the mineral is charged to the persons

working the mine, without any allowance for the exhaustibility of the property, or of the outlay in plant, machinery, &c., which is the indispensable preliminary to raising the mineral. Mines are charged where situate, upon the profits of an average of five years.

28. Both the owners and the workers of mines are seriously aggrieved under this administration of the law. The mine owner is virtually taxed upon the sale of his property. The rents or royalties derived from mines and quarries are not perpetual, like rents of land; they last only as long as the mineral; when that is exhausted the royalty ceases, and the equitable taxation of mineral rents requires that an abatement be made from their amount, equivalent to the annual depreciation of the property through the exhaustion of the mineral. Earthy minerals, viz., coal, ironstone, and slate, are of a less precarious and uncertain character. Metallic minerals, viz., tin, copper, lead, and iron ore, are of a more uncertain character. Mr. John Taylor, a mining engineer of considerable experience, stated that, as compared with the present assessment of minerals, an abatement of 10 per cent. upon the royalties of all mines, would be acceptable; but he explained that a more accurate appreciation of the nature of the several mines would not be satisfied without a distinct classification of the metallic minerals, the royalties of which would require an allowance of not less than 20 per cent. to compensate exhaustion, while an abatement of 10 per cent. might fairly compensate the exhaustion of earthy minerals. The mode of assessing the profits of mining adventures should, in the opinion of your Committee, be altogether changed. The working of a mine should be treated like a manufacture or a trade, and the profits of the business be ascertained by the returns of the parties interested. When the adventure is in the hands of a company, it is the duty of

the managers to estimate the reserve adequate to the replacement of the capital sunk in ground works, machinery, and plant, which should every year be made from the earnings of the company prior to a declaration of profits and dividend. They should be at liberty to redistribute their capital among the shareholders, either year by year or at the close of the adventure, undiminished by the Income Tax; but their true profits would be most conveniently taxed in their appropriation as dividends.

29. When mining adventures are carried on by private persons or partnerships, the profits returned by them for assessment should be treated, like other trade returns, under Schedule D.

30. When the mineral is worked for the profit of the mine-owner he should be assessed, firstly, in respect of the value it would yield in royalty; and secondly, in respect of the industrial profits of the adventure.

3.—Assessment of Land Rents.

31. The proportion of rent which, upon an average of years, is expended for the maintenance of dwellings, buildings, and fences, connected with landed property, has been variously valued by the surveyors called before your Committee, at 6, 8, and 10 per cent. Until such outgoings have been defrayed, the landowner cannot be said to have a net rent available for his expenditure, and your Committee recommend that upon the rent of all lands (requiring building reparation), an abatement be made of one-twelfth part ($8\frac{1}{2}$ per cent.), prior to assessment.

4.—Assessment of House Rents.

32. The assessment of houses is attended with more injustice than that of land, for not only are the outgoings in insurance and repair proportionally heavier, but the irregularity with which the law is itself administered involves at times serious loss to the house-owner.

33. The maintenance of house property, in its full value, implies insurance against fire, the annual repair, and the ultimate renewal of the fabric when decayed by age; and the proportion of rent absorbed by these outgoings is estimated by Mr. C. Lee, a surveyor of lengthened experience, at an average of 15 per cent. upon house property of all ages and all descriptions. His estimate was, in the main, concurred in by Mr. Vigers, while Mr. Clutton rated the outgoings at $17\frac{1}{2}$ per cent., and Mr. Hunt at 20 per cent.

34. In corroboration, both of the policy and of the amount of the proposed allowance for outgoings, Mr. Lee notices that in assessments of house property for the poor-rate, he has habitually deducted 15 per cent., and that in every case of rating brought judicially before the Court of Queen's Bench, allowances have been made for these purposes. Apart, however, from the taxation on outgoings, a further injustice is sometimes inflicted by charging Income Tax on the amount of rates and taxes paid by the landlord for houses let by the year, or for shorter terms; but this defect of administration can easily be remedied by providing the assessors and surveyors with more definite instructions.

35. Your Committee recommend that, prior to the assessment of houses, an abatement be made of one-sixth part for outgoings, from the assessable value.

5.—*Assessment of Fines.*

36. A large portion of the property of ecclesiastical and collegiate bodies, and of some individuals, consists of property let on lease, at a small reserved rent, and renewable at the expiry of a life or term of years, upon payment of a *fine*.

37. In the payment of this fine the tenant advances the rent of future years, and the aggregate of the fines and reserved rents, divided over the term of

renewal, represents the average income derived from the property by the lessors. Income Tax is now levied upon the full annual value of the property in the hands of the tenant, and it is also levied on the fines received by the lessors, so that the State taxes a large portion of the "profits" of the property twice over. The assessment of the fines in the hands of the lessors should, in the opinion of your Committee, be discontinued, and the tenant who now recoups what he pays as Income Tax on the full annual value, only partially upon the small reserved rent, will then either deduct Income Tax upon the fine he pays to the lessor, if it be a fine certain, or regulate the optional fine he agrees to pay by the consideration of the additional burthen of taxation he has to bear.

6.—*Assessment of Industrial Incomes.*

38. The defects of the existing law, which have been thus far alluded to, are all connected with incomes derived from invested property, and the remedies suggested by the evidence, are directed to the recovery of that which is the proper subject of taxation, viz., the net income available for expenditure. Adam Smith's axiom, "The subjects of every State ought to contribute towards the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the *revenue which they respectively enjoy under the protection of the State,*" may be taken as a safe guiding principle; but as it is obviously beyond the power of legislation to deal with individuals, it must be satisfied to deal with classes, and as even classes are severally subject to great variety of circumstance, they must, for the purpose of legislation, be viewed, not in their exceptional and extreme cases, but in their general character.

39. In the second class of the plan submitted to

the Committee are ranked as "industrial incomes" those (now assessed under Schedules B, D, and E), of which the distinctive features are, that they are the earnings of skill and intelligence combined with the use of capital in varying degrees, but dependent for their continuance on the life, health, and efficiency of their owners. That receipts of this character are in a very different degree from the products of invested property available for expenditure, and, consequently, taxable, is the conclusion to which the evidence submitted to your Committee leads.

40. The opinions of several eminent statesmen of the present day, cited by Mr. Newmarch, upon the inequalities and injustice of the present tax upon trades and professions, may be summed up in the words reported as used by Mr. Gladstone on the 12th May, 1853: "I did not contest the opinion commonly entertained, that intelligence and skill were too hardly pressed upon as compared with property."

41. That this opinion is widely and firmly entertained by those who feel aggrieved, your Committee can have no doubt. The witnesses representing the medical profession insist upon the hardship of "professional men, gaining their livelihood from day to day by the exercise of their brains, and in accordance with the state of their health, being taxed like those who have no such anxiety regarding their means of livelihood;" and Mr. Cookson, speaking as "President of the Incorporated Law Society," stated the feeling of the members of that society to be a strong sense of injustice in the produce of their hands and brains being rated to the Income Tax at the same rate as incomes derived from land and capital and money in the funds.

42. In the opinion of your Committee, these assertions and admissions of the unequal pressure of the tax urgently require the consideration of the best means of relieving it.

43. The proposition submitted to your Committee is, "that industrial profits or earnings shall, previous to assessment, be entitled to an abatement of one-third of their amount.

44. The grounds alleged for this proposition may be briefly stated thus:—

a. Savings should not be taxed.

b. The savings effected out of incomes derived from invested property (or, as they are briefly called, *spontaneous incomes*) are estimated at one-tenth.

c. The savings effected out of industrial incomes are estimated at four-tenths.

d. The amounts which would be assessed under these two classes being nearly equal, the adjustment is simplified by striking off one-tenth on either side, and then reducing by three-tenths, or one-third, the assessable amount of industrial incomes.

45. This estimate of the relative savings of the two classes is avowedly an arbitrary one, but the concession which it involves agrees with the average result of the scientific computations of Dr. Farr, and receives the approval of Mr. John Stuart Mill.

46. On the other hand, as a measure of relief, a concession of one-third would be willingly accepted by the legal and medical professions.

47. Your Committee are aware, that to warrant this proposed concession, the distinction between the first and second class should be real, and be one not only justifying an essential difference of treatment, but capable of being defined by a distinct line of legal demarcation. In the first class they find incomes which accrue to the owner independently of his own labour, which are the result of invested capital, and are assessable *at the source*, so that before they reach the owners, these incomes are for the

most part taxed—rents in the hands of the tenant, interest in the hands of the borrowers, and dividends in the hands of the companies who distribute them.

48. In the second class are comprised all “industrial incomes,” whether trading, or manufacturing, professional, or stipendiary. Their characteristics are, that they are dependent on the labour of their owners, and they are assessable for the most part only through the concurrence and self-assessment of the tax payer.

49. In one sense *all* incomes are dependent upon labour; neither rents, interest of money, dividends of companies, nor dividends in the funds, can accrue without the labour of those who till the land, employ the money, work for the company, or out of their industry provide the revenue to pay the public dividends; but “*industrial* incomes” are distinguishable from those which have been called “*spontaneous*” in this; the labour of the owners of the latter class of incomes is not requisite for their production. They are free to employ their talents, their labour, or their time in any way they please; the income derived from the investment of their capital needs not their assistance.

50. “Trading companies” and trading partnerships in the same line of business may, at first sight, appear scarcely distinguishable from each other; but there are essential differences in their action, and in the taxable results.

51. In a trading company the labour of the clerks, managers, and directors is all paid for; reserves are made for depreciation, casualties, or exhaustion, and the dividends represent the net return for the capital invested by the shareholder.

52. In a private partnership the management and supervision are carried on by the partners in the firm; some may provide the capital, some the supervision, but the profits combine the reward for the

management, and the returns for the capital; they are industrial profits divisible amongst the partners. The partners contributing capital only, are called sleeping partners, and there may be no important difference, so far as their personal fortunes are concerned, between them and shareholders of a public company; but the shareholders of a company may always secure a limited liability, which partners in a private firm cannot. Practically, the tax collector knows nothing of sleeping partners; it is the entity of the partnership, the firm, which he assesses; and whatever the proportions in which capital and labour are contributed, the partnership is entitled to the character and privileges of an industrial pursuit.

53. Professions have been by some authorities (and your Committee may specify Dr. Farr and Mr. John Stuart Mill) considered as requiring a separate treatment, if it be possible to make a practical separation. "Professional men," it has been remarked, have "little or no visible capital contributing to their profits, which are almost exclusively the result of their personal exertions, and they should be assessed upon a more indulgent scale than applies to the combined gains of capital and labour in trading profits." Undoubtedly, the elements of the trading and professional profits are not identical; but your Committee do not believe that it would be possible either to distinguish *professions* from *trades*, or to obtain from traders the amounts of their capital in trade, which would be requisite for the separate assessment of the annual value of their capital, and of the gains created by their labour apart from capital. It may be doubted indeed whether, looking to the proportion of savings as the plea of exemption, the claim of traders would not be even larger than that of professional men. In the event of a discrimination between trading and professional profits being found impracticable, Mr. Mill expressed as his deliberate

opinion, that the proposal of uniting them in the same measure of relief should be adopted.

54. Electing as his guide the principle of exempting savings from taxation, Mr. Mill propounds as the theory of a perfectly just Income Tax, that wanting evidence of the amount of actual savings, the circumstances of each individual as influencing his power and disposition to save should be considered; and that a life income should be taxed partially only, and in proportion as the tenure taken in conjunction with other circumstances capable of being defined, should indicate a greater or a lesser obligation to save. On the one hand, Mr. Mill's theory requires the taxation of capital, when sunk in life annuities and destined to be consumed, and on the other it requires the reimbursement of the tax levied upon rents, or dividends, to whatever extent the wealth or parsimony of their owners may have induced them to save. In fact, the perfection of Mr. Mill's theory of an Income Tax depends upon the degree in which it approximates to a tax upon expenditure.

55. Premising his preference for a system which should carry out his theory of a perfect tax, Mr. Mill expresses his decided and clear opinion, that if that theory be found impracticable, industrial incomes should receive the concession to which they are entitled by the peculiar force of their claims.

56. Dr. Farr re-affirms his confidence in the equity of a tax as proposed by Mr. Hume to be assessed on property, according to the value of the property, the tenures, and the age of the owner. But it is no part of Dr. Farr's theory to release from taxation in virtue of its tenure, any portions of the net income derived either from rents or interest of money. He would in some cases of tenure, short of the fee, charge the tenant only upon the value of his limited tenure, but he would in every such case, charge the residue of the tax upon the reversioner, so that the Exchequer

would always receive the full tax upon the whole of the net income of the country.

57. Retaining his preference for a capitalisation scheme, Dr. Farr concurs generally in the principles of the plan under the consideration of the Committee, and would be glad to see it substituted for the present Income Tax, as much more conformable to justice, although not adjusting taxation to each individual case as proposed by the capitalisation scheme.

58. Apart from the administrative difficulties of a capitalisation scheme, your Committee are not disposed to believe that the principle of adjusting an *Income Tax* with reference, first, to the value of the property which produces it, second, to the tenure on which it is held, and third, to the age of the owner, is essential to the construction of an equitable Income Tax, although for the equitable assessment of a Property Tax these considerations may be expedient. To adjust the tax upon every income by yearly reference to the age of the owner must, if the tax be continuous, have the effect of inconveniently varying its amount without affecting the average of the burthen during the period of its incidence.

59. To divide the tax between the life tenant and the reversioner of an income, with the admitted necessity of making the life tenant advance to the State the portion due from an unknown, or uncertain, or an incapable reversioner, would, in the great majority of cases, involve the life tenant in a complicated and embarrassing system of indebtedness to his predecessors, and of claims upon his successors, without affording him any alleviation of his fiscal burthen.

60. To measure the tax upon income by the value of the property which produces it, is open to less objection than either of the preceding propositions; but it would be attended with so much uncertainty in the recurring valuations, with such temptation to undervalue on the part of the tax payer, and with such

conflict of opinion between him and the assessor, that the scientific precision which it aims at would be, in the opinion of your Committee, too dearly bought.

61. Nor is it the opinion of your Committee that the theory enunciated by Mr. Mill (which would assimilate the action of the Income Tax to that of a tax on individual expenditure) is the most eligible. They admit the recommendations possessed by indirect taxation, if levied upon articles of general consumption. The tax is, under such circumstances, paid almost unconsciously, and therefore without repugnance; it is paid by individuals in proportion to the consumption of which they defray the cost, either directly in their own families, or indirectly through the labour they employ; some may spend more, some may spend less than they can afford, but the variations are the result of individual will, and the general result of indirect taxation is to "tax men according to their means, *defined and limited by their expenditure.*"

62. Indirect taxation, while it operates with perfect fairness upon individuals, has, however, when imposed upon articles of general consumption, the demerit of obstructing the industry and commerce of the country, and requires, therefore, to be discreetly used; but even its peculiar merit of taxing people according to their expenditure, is not necessarily a merit when applied to *direct taxation*. That the field of incidence (the amount of general expenditure) should be the same for direct and indirect taxation may be admitted, consistently with the opinion that the Income Tax may beneficially neglect in separate cases the consideration of what a man does spend for the assessment of what a man has to spend, and that as contrasted in that respect with the customs and excise, it may press more leniently on inadequate incomes, and more heavily on those which are superabundant.

63. Upon these considerations, your Committee are of opinion that the unequal pressure of the pre-

sent tax on skill and intelligence may fairly be redressed by a diminished assessment of one-third in the amount of industrial incomes, and that such an adjustment would in no degree require or involve any deviation from the existing practice of assessing rents, dividends, and interest, irrespectively of their tenure.

64. The 54th section of the 16 & 17 Vic., c. 34, provides for an abatement not exceeding one-sixth of his assessment to any person who shall have paid so much as annual premium on a life assurance; this section obviously admits that savings invested in a life assurance are not a part of a man's income which is fairly taxable. But it appears to your Committee that, consistently with this admission, savings in any form are equally entitled to be exempt from taxation, and that the application of this principle to a class, instead of to individuals, sanctions a general mitigation of the tax to the class, which may show, in the additional magnitude of its savings, its title to this concession. In its present form this intended indulgence to savings is nearly inoperative. Mr. Till informed the Committee, that the benefit which the Legislature intended to bestow, does not meet the case of a very large class of tax payers, who as clerks are rated on salaries of £100 and upwards. Of 1,263 clerks in public companies, with salaries between £100 and £150 a year, only 32 had claimed relief on account of insurance, and of 3,790 persons rated at above £150, only 151 had claimed relief on the same plea.

65. The concession which has been suggested to industrial incomes is already given, and, under possible circumstances, even exceeded, when profits are returned in annual amounts widely varying from one another. The 133rd section of the Act 5 & 6 Vic., c. 35, provides, that any person having been assessed upon the average of three years, shall pay for the fourth year upon no higher amount than he

shall make in that year. The result of this provision is, as illustrated by the example given in evidence by Mr. Pressly, that a trader may make £400 a year upon an average of years, and pay upon only £249, a reduction of three-eighths of the duty on which he would be assessed if his profits were uniformly £400 a year. Under the extreme supposition of a trader making alternately profit and no profit, his assessment would be reduced to *one-half* of his actual gains. Effectively, the law says to the trader in the case cited, "Make your profits unequally, and you shall be assessed upon five-eighths only of your profits."

66. The origin of this section may easily be surmised. At the first imposition of the tax, the average of three preceding years constitute a fair subject for assessment; but as the fourth year is really the year taxed, provision is made that it be not taxed in excess of its own gains. In this view, and for this occasion, the section acts fairly to the trader who makes less than his previous average, but unfairly to the Exchequer in the case of the trader who makes more than his previous average, and who is not asked to pay upon the excess. Any motive, however, which may have recommended this section at the first imposition of an ephemeral tax becomes inapplicable when the tax is continuous; the section then becomes a source of detriment to the Exchequer, while its indulgence is extended, not to the whole of the industrial classes assessed under Schedule D, but to a portion only. Professional and salaried men, whose earnings are uniform and fixed, derive no advantage from this section, and of traders, those only gain by it who are already gainers, by having made in one year, by anticipation, more than their average profits:—

A., in 1861, makes £1,000, and pays £37 10s.

1862,	„	1,000	„	37 10s.
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1863,	„	1,000	„	37 10s.
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R

<i>B.</i> made, in 1858,	£1,000		
„	1859,	1,000	
and in 1860,	0,000		
<i>B.</i> makes, in 1861,	1,000,	and pays	£37 10s.
„	1862,	2,000	„ 37 10s.
„	1863,	0,000	„ 0 0s.

but *B.*, in 1863, so far from being less able than *A.* to pay Income Tax on his average profits, is better able; he makes in 1862 the profits of 1863, and the interest, at 5 per cent. upon the £1,000 untaxed of the profits of 1862, enables him to pay the tax of 1863 without any sacrifice, and to be, even then, better off than *A.*, by £12 10s., yet the 133rd section exempts him altogether.

67 The advantages granted by this section are, even among traders, available almost entirely for those who least need them; for those whose large capital and extensive engagements, particularly in foreign trade, enable them to bear, in fluctuating yearly profits, the results of wide variations of price in their articles of commerce. From a different cause, some important domestic manufactures may benefit by this section. It is notorious that London brewers, of the first class, endeavour to avoid varying the prices of their porter, lest they should interfere with its consumption. When malt and hops are dear, they brew at a diminished gain: sometimes at a loss; but they recover their average profits by the additional gain realized when malt and hops are cheap. A brewer, whose profits varied in the proportions stated by Mr. Pressly (4311), might pay Income Tax on £25,000 a year, while he actually realized £40,000.

68. Your Committee are of opinion, that it would be desirable to abolish the partial and variable remissions effected in virtue of the 133rd section, concurrently with the adoption of a general but limited concession.

ASSESSMENT OF ECCLESIASTICAL TENURES.

69. The existing law, in its assessment of rents, rent-charges, and funded endowments, takes no cognizance either of the tenure or of the profession of the owner; those held by the clergy are assessed equally with those held by laymen. And yet the clergy are, as a profession, obviously entitled to share in any general concession to industrial incomes. So far as they derive their emoluments from fees and pew rents, which became the subject of a "Return under Schedule D," the abatement granted to professions generally would extend to them; but as regards the rents, rent-charges, or funded endowments of the benefices they hold, it would appear more consistent with the true character of these properties that they should be taxed as they now are, irrespective of their application or ownership, and that the clergy should receive a distinct concession in the tax on the value of the labour of the cure attached to the benefice. The average value of the ecclesiastical benefices of England and Wales is under £300, so that a general allowance of £100 unassessed upon every benefice with cure of souls attached, would yield an average relief rather higher than an abatement of one-third. This allowance would be in harmony with the rule which, in the valuation of ecclesiastical patronage, assumes £100 as an outgoing in the cost of a curate's stipend, and values the residue of the revenue as the property to be purchased.

ASSESSMENT OF FARMS.

70. Admitting that the assessment of the profits acquired by the occupation of land is based upon an extremely loose and arbitrary estimate, and that it must operate with considerable inequality, yet it does not appear to your Committee that farmers generally possess in records of their transactions the materials for definite and accurate returns; they have, therefore,

only to suggest that the proportion of the annual value assessed in respect of the occupation, be adjusted to the concession proposed for industrial incomes generally.

ASSESSMENT OF SALARIES AND PENSIONS.

71. Under Schedule E is now assessed every public office or employment of profit, and every pension and stipend payable out of the public revenue, or by certain corporations.

72. This enumeration comprises not only stipends and salaries, and superannuation allowances (sometimes called pensions), all of which being the consideration for actual service either present or past, must be considered as industrial earnings; but it also contains pensions and annuities, in some cases hereditary, in others grants to the present owners, as acts of grace and favour. This last class is obviously not entitled to the same consideration as the former; it is of trifling amount, and the Executive may fairly be trusted to determine which of the pensions and annuities now charged upon the Consolidated Fund are entitled to a concession on their assessment.

73. It is the opinion of your Committee that salaries, stipends, and superannuation allowances, and all offices of profit, involving substantial personal service, should share the concession proposed for industrial incomes, of one-third in their assessable amount.

EXEMPTION OF INCOMES DERIVED FROM REALIZED PROPERTY.

74. All interest down to 50s. half-yearly, and all rents, are now assessed, but the tax levied is returned wholly in the event of the owner proving that his income is under £100, or partly if his income be shown not to exceed £150. The cost and labour of entertaining the claims for repayment of the tax levied on these small properties, and the insufficiency of the evidence on which the tax is refunded, if it be

so decided, are strongly pressed upon your Committee by the official witnesses (confirming in this respect the universal testimony to the same effect given in 1852), together with their opinion that the only effectual remedy would be to remove the power of exemption. It is stated, however, that the difficulty of dealing with these claims for repayment has comparatively diminished, owing to a greater familiarity with the several cases, and to the greater experience of the officials.

75. Your Committee can find no principle of general acceptance which would exempt from taxation any property income, however small. It is not, however, always practicable to direct fiscal legislation by a strictly scientific rule, and it is the more difficult to do so when a contrary policy has long prevailed. Your Committee do not venture, therefore, to suggest any variation from the practice under which persons in receipt of less than £100 a-year, are entitled to the recovery of the tax levied on that portion of their income which is derived from realized property.

EXEMPTION OF SMALL INDUSTRIAL INCOMES.

76. The same graduated assessment is at present applied to incomes of both kinds, but the distinct character of industrial earnings demands for them a separate consideration.

77. The administrative objections to a remission of taxation on small incomes derived from realized property do not apply to these. It is a question of forbearance; and the cost of collecting the tax on small salaries and trade profits of itself constitutes a limit which it would be undesirable to pass. Again, the inexpediency of taxing the wages of unskilled labour is obvious; they are generally the equivalent of the cost of maintenance, and to tax them would be virtually to tax the capital which employs the labour, and which must increase the wages of labour

if a portion be abstracted by taxation. The amount which may be exempt under this consideration has been variously estimated between £60 and £100, but there appears a general acquiescence in the present limit of £100 as the commencement of taxation.

78. In substitution, however, for the existing plan of levying 6*d.* upon the entire income of £100 and upwards to £149 19*s.*, and 9*d.* upon the entire incomes of £150 and upwards, it is suggested that £60 be deducted from the assessable amount of industrial incomes of £100, and not exceeding £180, and that one-third be deducted from the assessable amount of all industrial incomes of £180 and upwards.

79. This arrangement, it has been shown, would diminish materially the temptation to a fraudulent understatement of incomes just above £100, and altogether remove the inducement to understate incomes just above £150.

**EFFECT OF PROPOSED ADJUSTMENT UPON THE REVENUE AND
UPON TAX-PAYERS.**

80. A statement was presented by Mr. Presaly, estimating at nearly £2,000,000 the amount of which the proposed adjustment would deprive the public revenue.

81. This statement, which, if accurate, would express the amount of injustice actually inflicted, makes, however, no allowance for the compensation to be derived from a diminution of the frauds exercised under Schedule D, both generally, and specially to avoid the incidence of the tax at the point of £100, and again at the point of £150. Neither does it take account of the proportion of trade savings already excepted from assessment by the 133rd section.

82. To what extent the notorious understatement of profits may be attributable to the sense of injustice actuating the tax-payer to self-redress, and how far a consciousness of fair treatment will induce a more

scrupulous self-assessment, must remain a matter of opinion. An improved form of returns, in the use of which the trader would abate his profits for assessment, in accordance with the provision of the law, cannot fail, however, to exercise a favourable influence in promoting accuracy. Neither can the sacrifices now entailed upon the Exchequer by the 133rd section, be forgotten in estimating a comparative future produce of an amended tax. Mr. Till speaks of there being as many as 400 appeals under that section before the Commissioners of the City of London.

83. In the opinion of your Committee it is not, however, necessary for the purpose of their inquiry, to ascertain the amount which would be withheld from the Exchequer by the various concessions required to equalize the operation of an uniform rate. The Exchequer revenue is the public revenue, and any deficit arising from the redress of particular grievances must be compensated by a general increase in the rate levied upon the public at large.

84. Your Committee have not been unmindful that in making concessions to one class of incomes out of several, or in making larger concessions to one class than to another, a necessity is created (if the same revenue is required from the tax) to increase the rate generally, and, therefore, add to its pressure on the class which receives either the smaller concession or none. But even if the amount of concession could be spared out of the revenue, and no increase of the rate were needful, it would still be true that an additional relative pressure would be laid on the class not included in the concession.

85. But these results are inseparable from the redress of any injustice, and from the removal of any inequality. If A, E, I, O, and U are equally weighted, and 20 lbs. are taken off A, 15 lbs. off E, 10 lbs off I, and 5 lbs. off O, and the burthen so taken off is then re-distributed equally, U will carry 10 lbs. more than

he did before, and O 5 lbs. more, while A will carry 10 lbs. less, and E 5 lbs. less. It would be no sufficient answer to a proposal to adjust their unequal burthens to point out that O and U will suffer by the adjustment. The proposed adjustment has for its object, not to favour one class at the expense of another, but to remedy every inequality affecting either; and it will be seen that the principle of the revision requires amendments in the assessment of every one of the existing schedules.

ASSESSMENT OF FOREIGN PROPERTY.

86. Touching the assessment of rents, profit, and interest derived from foreign property and foreign securities, your Committee have not received any decided evidence. The origin of income of this description obviously distinguishes it from income accruing and being expended under the protection of the same Government. Income from foreign property of all kinds is subject to taxation in its own locality; and it is not unfrequently taxed by the Government under whose protection it is created, while it is taxed again by the Government under whose protection it is expended. But without a larger consideration of its peculiar claims to consideration than they have been able to give to them, your Committee are not prepared to recommend any change in the assessment of incomes derived from foreign property.

ASSESSMENT AND COLLECTION.

87. Evidence was given by Mr. Pressly and by Mr. Welsh upon various interesting questions connected with the general administration of the tax.

88. Mr. Pressly stated, as his opinion, "That the present mode of remunerating the assessors and collectors by a poundage was unsatisfactory; that the poundage system sprung out of the union of the

collection of the assessed and property taxes in the hands of the local authorities; that the assumption of the collection of these taxes by the Executive Government was desirable, and that salaries should then be substituted for a remuneration by poundage."

89. Mr. Welsh considers that the administration of the tax in London, or in any large city, can never be managed properly unless a Government Commissioner be appointed; and he concurs in Mr. Pressly's opinion, that the Government should appoint the assessors and collectors. He also thinks that it would be desirable to require employers to collect the tax from their clerks and servants.

90. Your Committee were unable to prolong their inquiry sufficiently to justify them in offering any opinion on these questions or on that of the quarterly collection.

ADMINISTRATIVE PRACTICABILITY OF THE PROPOSED PLAN OF ADJUSTMENT.

91. Mr. Pressly, when asked whether the plan laid down before the Committee by the Chairman was liable to the objection of *impracticability*, which he had urged against the adoption of Mr. Hume's scheme in 1852, and whether he could point out any part which could not be carried out, replied, "That he feared difficulties would arise in the assessment of private terminable annuities;" and that "with regard to the tax upon the interest of borrowed money, the public would never put down in their return the amount of borrowed capital which would be necessary if interest on borrowed capital were to pay one rate and profits of trade another. There was no other part that he considered to be a difficulty. All the rest could be carried out if it were considered expedient to do so."

92. At a subsequent examination, Mr. Pressly's attention was called to the fact, that Mr. Ansell, an

actuary of great reputation and experience, on having a case of annuity, selected for its difficulty, submitted to him, was of opinion that it was a case which could not affect the revenue; that it was a question as between the parties concerned, and that he, as an actuary, saw no difficulty in discriminating between the interest which would properly be taxed and the capital which was not to be taxed.

93. Mr. Pressly replied as follows:—

“There is no difficulty where a repayment is not required; where you tax everything at its first source, and no repayment is required, there is not the slightest difficulty whatever. My evidence was entirely upon the point of necessity; that it would require some repayment; the moment you do away with the repayment, the whole of my objection falls to the ground.”

94. Mr. Pressly was also reminded of his former apprehensions with regard to the difficulty of getting returns of borrowed capital, and was then asked, “At that time the paper now presented to you (No. 1 in Appendix) was not framed; it was put in evidence by Mr. Welsh, and was framed for the purpose of meeting the difficulty you had suggested; looking at that paper, and seeing that only one rate is to be charged, and that it is not necessary to make a separate disclosure of *interest upon borrowed capital*, that removes, does it not, the difficulty which you apprehend upon that score?”

95. Mr. Pressly replied, “Undoubtedly.”

96. Mr. Pressly subsequently remarked, as to the proposed form, “It could not be open to the objection which I raised upon the former occasion, of disclosing the amount of borrowed capital.”

“I do do not see any other objection myself to it.”

97. Your Committee conclude, therefore, that the only two difficulties apprehended by the chief officer of the Inland Revenue being, by his own admission,

disposed of, there is, in the plan submitted to them, nothing which cannot be carried out if it be considered expedient to do so.

CONCLUDING RECOMMENDATION.

98. Your Committee, in conclusion, have only to recommend the several enactments which would be requisite to carry out the suggested adjustment, if it should meet with the approval of the House:—

1. That whenever an annuity or other periodical repayment shall comprise an advance or repayment of principal monies, no deduction in respect of Income Tax shall be made from such principal monies.

2. That in the assessment of the rents or royalties of metallic mines, *i.e.*, copper, tin, lead, iron ore, and mundic, an abatement shall be made of one-fifth part in respect of the exhaustion of the mineral.

3. That in the assessment of the rents and royalties of earthy mines, *i.e.*, coal and ironstone, and of slate and stone quarries, an abatement shall be made of one-tenth part in respect of the exhaustion of mineral and material.

4. That in the assessment of the rents of land, an abatement shall be made of one-twelfth part in respect of the outgoings in repairs and insurance.

5. That in the assessment of the rents of houses, an abatement shall be made of one-sixth part in respect of the outgoings in repairs and insurance.

6. That every ecclesiastical person in receipt of tithe-rentcharge or other endowment, with cure of souls annexed, shall receive on his assessment an allowance of the tax on £100 in respect of the duty of the cure.

7. That so much of previous Acts be repealed

as imposes a tax upon fines, being of the nature of rent, and received in consideration of the demise of lands, or tenements, the full annual value of which is assessed upon the occupier.

8. That all persons, firms, or partnerships (not being public companies) engaged in any farm, trade, manufacture, mining adventure, ship ownership, profession, or occupation of profit, shall be assessed as follows, in respect of their net profits, gains, or salaries, *i.e.*:—

If such net profits, gains, or salaries, shall amount to £180 and upwards, upon two-thirds of the amount thereof, and if such net profits, gains, or salaries amount to £100, and do not exceed £180, then upon so much of such amounts as shall exceed £60.

9. That the occupation of farms shall be assessed in England at one-third, and in Scotland and Ireland one-fourth of the annual value thereof.

10. That all superannuation allowances, or other annual payment being of the nature of compensation or reward for personal services, shall be assessed upon the same scale as salaries.

11. That section 133 of the Statute 5 & 6 Vic., c. 35, be repealed.

INCOME TAX SCHEDULE.

FIRST CLASS.—INCOMES DERIVED FROM PROPERTY.

Present Schedule.	Property.	To be Assessed.	Proposed Allowances.
A.	Land rented, . . . }	Rack-rent, or rent by valuation, {	For insurance and repairs, 1-12th part of rent.
A.	Land occupied, . . . }		
A.	Rentcharge, . . .	Amount thereof.	
A.	Rentcharge, with cure of souls, . . . }	Amount thereof, {	On £100 for contingent duty of the cure.
A.	Houses rented, . . . }	Rack-rent, or rent by valuation, {	For insurance and repairs 1-6th part of rent.
A.	Houses occupied, . . . }		
A.	Mines, metallic, . . .	Rents or royalties,	One-fifth part of rent
A.	Mines, earthy, . . . }	Rents or royalties, {	
A.	Quarries, . . . }		One-tenth part of rent.
A.	Manors, . . . }		
A.	Fisheries, . . . }	Amount of rents.	
	<i>Public Companies:</i>		
A.	Railway, Canal, Mining, Dock, Gas, &c., . . . }	Dividenda.	
D.	Banking, Trading, Manufacturing, . . . }		
	<i>Money lent or invested:</i>		
C.	Exchequer Bills, . . . }	Annual interest.	
C.	Do. Bonds, . . . }		
C.	Annuities, perpetual, . . . }	Annual interest on capital unpaid.	
C.	Annuities, terminable (life), . . . }		
C.	Annuities, terminable (years), . . . }		
D.	Loans of all kinds, . . .	Annual interest.	
E.	Pensions, hereditary, or granted on Consolidated Fund, . . . }	Amount thereof.	
D.	Foreign possessions, property and securities, . . . }		

SECOND CLASS.—INDUSTRIAL INCOMES.

Present Schedule.	Source of Profits.	To be Assessed.
B.	Farms, }	Two-thirds of the net profits.
A.	Mining adventures, }	
D.	Manufactures, }	
D.	Trades, }	
D.	Shipping, }	
D.	Professions, }	Two-thirds the amount.
D.	Salaries, stipends, and superannuated allowances, . . . }	
E.		

**DRAFT of REPORT prepared by the RIGHT HON.
ROBERT LOWE.**

1. The attention of the Committee has been almost entirely limited to the consideration of the scheme explained by the Chairman in three memoranda, and the evidence given before them. The order of reference would have permitted a much more extended inquiry, but, considering the very full investigation which the subject received in 1852, and the fact that the Committee was appointed in consequence of the impression produced on the House by the speech of the Chairman, they have thought that they should best discharge their duty by limiting their inquiry to the plan which that speech propounded. That plan, and the written and oral evidence by which it has been supported, the Committee have considered with all the attention due to the high authority of its author, to the novelty and ingenuity of the principles it advances, and to the care, skill, and labour with which it has been detailed and defended. The scheme is based on a division of incomes into spontaneous, or incomes for whose production the labour of their owners is not requisite, and industrial incomes, to whose production the labour of their owners is indispensable. The proposition is, that while a net spontaneous income is to be assessed to the Income Tax at its full amount, an industrial income is to be assessed to the Income Tax upon two-thirds of its amount only. It will be convenient to consider this proposition first, and afterwards the distinctions which the scheme proposes to create between different kinds of spontaneous income.

2. To assess upon two-thirds of an industrial income the same tax as upon the whole net spontaneous income, is obviously the same thing as to assess two-

thirds of the tax payable on net :
 on the whole industrial income.
 to be the maximum tax on incon-
 poses in substance, though not i
 former class of incomes at 9d., a
 in the pound. The scheme profe
 the well-known dictum of Adam
 subjects of every State ought to
 the support of the government a
 in proportion to their respective
 proportion to the revenue which
 enjoy under the protection of the
 ciple lays down with regard to in-
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 never be entirely realized. Wit
 taxation, the dictum is a clear rec
 uniform Income Tax, to which p
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 and the contributions to which a
 proportion to the amount of tha
 appears that the principle on whic
 as the "*test of the true policy of*
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8. A second principle of taxatio
 Chairman in his answer to questi
 tax, in order to be equal, should
 respectively contributing to it in
 position, after they have paid the
 before. The tax must, of course,
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 wealth. The scheme conflicts wit
 ciple of taxation just as much as
 two incomes be of the same amou
 quer takes 9d. from one, and only
 or 6d. from the other, the differenc
 rates will be one and a quarter per
 amount will the principle laid down
 be violated by the scheme.

4. Having tested the scheme by the principles with which the Chairman has supplied them, the Committee proceed to examine the reasons alleged in favour of the remission of one-third of the tax to industrial incomes. The argument is the following:—“The labour of the owners of industrial incomes is an indispensable element in the production of their profits; ability to labour is dependent on life and health; their profits are consequently precarious; and, in obedience to the suggestion of prudence, the owners of industrial and precarious profits apply a portion only of those profits as income to the purposes of expenditure.” The memorandum, by an arbitrary estimate, fixes the amounts saved on industrial incomes at four-tenths, and the amount saved on spontaneous incomes at one-tenth: subtracting the one-tenth, as common to all incomes, from the four-tenths, it fixes the excess of the saving on industrial incomes over the saving on spontaneous incomes at three-tenths, and very liberally satisfies this supposed claim by a remission of Income Tax of three-ninths, or one-third. An inspection of this argument will show that it assumes, as a self-evident proposition, that no Income Tax ought to be assessed upon savings; for, unless this be granted, the fact, if it be a fact, that four-tenths of industrial incomes are actually saved, will furnish no reason for a corresponding remission. The memorandum furnishes no argument whatever in favour of the exemption of savings from Income Tax, and the principle is liable to the following objections:—The portion of an income which is saved is received just as much “under the protection of the State” as the proportion of the income which is spent. The Income Tax is a supplement, not a substitute, for indirect taxation; and it is therefore not a defect, but a merit, that it should reach a portion of income which cannot be reached by indirect taxes, whose incidence cannot extend beyond consumption and expenditure. It is no part

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trial income equal somewhere about one-third of the whole. But this is no case for averages. An average is an excellent means of eliminating the element of chance where money is invested on a series of contingencies, but where it is sought to do justice an average is wholly inapplicable. One owner of an industrial incomesaves two-thirds of it, another spends the whole; what approximation is there to fairness in a proposal which, starting from the principle that savings should not be taxed, proceeds to tax one man on his savings, and to give another a remission on his expenditure?

5. It remains to be seen whether any proof can be given, that, while the owners of industrial incomes actually save four-tenths, the owners of spontaneous income save only one-tenth. Upon the proof of this proposition the whole scheme rests; and, unless it can be distinctly and clearly made out, the whole scheme falls to the ground. A rate of assessment on all incomes indiscriminately, of so much in the pound, or per cent., is at any rate arithmetically fair, and ought not to be set aside, except in favour of some alternative which applies clear and obvious principles, by a fair and just method, to well ascertained facts. The principle has been shown to be unfounded; the proceeding, by way of average, to be unfair and unequal. It remains to be considered whether the fact is true. Now, in order to prove the fact, the memorandum calls upon us to make the following admissions: first, it must be admitted that an estimate made by Mr. Farr, that the aggregate income of persons having £30 a-year, and upwards, amounts to £316,380,000, was true in 1852, when it was made, and is true at the present day, notwithstanding the great advance of prosperity which the nation has experienced. Next, we must grant, that the estimate of Mr. Porter, that the annual savings of the country amount to £80,000,000, was true when

he made it, many years ago, and is true now. Then we must agree, that because the income assessed under Schedules A and C, is equal to the incomes assessed under Schedules B, D, and E, the incomes received by the persons included in these Schedules are also equal; in other words, that the income received under D, is no larger than the income assessed; that no frauds are perpetrated, and that the returns of this Schedule contain a full and fair account of the income. Then we must grant, without any proof, that the incomes of £75 a-year, and upwards, equal £240,000,000, and are identical with the area of Income Tax; and that, as Mr. Porter estimated that one-fourth of the income of £30, and upwards, was saved, the same proportions will hold with regard to the incomes of £75 and upwards. The last assumption is, that out of spontaneous incomes, one-tenth only is saved, while out of industrial incomes the savings amount to four-tenths. None of these propositions are demonstrably true, some of them are demonstrably false. The logical connexion between them is of the slightest and most imperfect description; and yet, unless they are all true, and follow logically from each other, the demonstration which they assume to give is absolutely worthless. It thus appears, that if we concede the principle of the exemption of savings from taxation, we are left entirely without data for its application, and must be content to act upon conjectures, which only avoid refutation because they are incapable of proof.

6. It would seem, however, from a passage in the memorandum above quoted, as explained by the evidence of the Chairman, that he rests the claim of industrial incomes to exemption from taxation, not only on the fact that their owners do actually save, but that it is their duty to save, on account of the precariousness of their income. It is not clear how the existence of a duty, without proof of its performance,

can be made any ground of exemption; but, if the argument were to be admitted, it could not be limited to industrial incomes alone. If we are to infer from the fact of an income being precarious, or of uncertain duration, the duty to save, and from the duty to save, the right to remission of Income Tax, it would follow that the same principles should be applied to all incomes of uncertain duration—to those of tenants for life of land, to possessors of life interests in stock, and to pensioners; all of whom are in the scheme assessed at the higher rate. The second memorandum strives to repel this inevitable inference by an argument, the sum of which is, that “the estate must pay its tax;” and that, if the allowance were made to life estates as to other precarious incomes, the tax paid by the estate would be diminished by one-half. These remarks are perfectly true, but they are just as true for industrial as they are for spontaneous incomes; so that it appears that the exceptional privilege accorded to industrial incomes is supported on principles which require the application of the same rule to all life incomes, and that the higher rate of taxation on spontaneous incomes for life is defended on grounds which would justify a tax of equal amount on what are called industrial incomes.

7. Having now considered the leading proposition of the scheme, the Committee proceed to examine the second proposition, which is less comprehensive in its application, being confined to spontaneous incomes. This proposition is, that the income to be taxed should be the net income. Of this no proof is offered, and it is not necessary, therefore, to consider its theoretical merits. The present practice has arisen rather from practical convenience than from abstract speculation. The Income Tax, it is granted on all hands, must be raised at its source—Schedule C at the Bank of England, and Schedule A from the

occupier of land. The occupier pays the rent, deducting the rates and Income Tax, to the landlord. He knows nothing of the appropriation of the income for repairs or insurance, and can therefore be called upon for no deduction on account of what has really been spent. To meet this difficulty, the scheme proposes to allow a remission of 8 per cent. on land, and 16 per cent. on houses. This involves all the vices of an average, as already explained. It remits to one man too much, because it has remitted to another man too little, and this in the pursuit of justice and equality. The repairs of first-class houses are estimated at five per cent. of the rent; the repairs on the houses of the very poor amount to as much as 25 per cent. The proprietor of the better sort of property receives a remission of 11 per cent. for repairs which he has not made, and this capricious liberality is compensated by taxing the owner of inferior property 9 per cent. of his income expended in repairs. As the owner of the poorer kind of house property is generally himself a person of smaller means than the owner of the better kind, the operation of this rule seems peculiarly harsh and unequal.

8. A beneficed clergyman has to earn his income, but instead of obtaining the remission of one-third, which is given to a clergyman who earns a salary under the Government, his whole income is to be taxed on a remission of £100. Rents and royalties from mines are to be taxed after a deduction founded on an annual estimate of the depreciation of the property. This provision seems neither to be founded on the policy of not taxing savings, nor on the precariousness of the income, nor on the principle applied to land that the rent of the land must pay its tax, but on the assumption, which will be considered under the head of annuities, that capital must not be taxed in its transfer. The shares of joint stock companies are to be taxed at the higher rate, although it

is difficult to imagine anything with which the idea of precariousness is more justly connected than the position of a shareholder in a joint stock company, with unlimited liability, who is not only exposed to lose his income and his principle, but to forfeit, together with them, all his remaining property. It will, probably, occur to such persons, that the sleeping partner in a brewery is in a much more secure situation, and might, without inequality, be taxed at least to the same amount.

9. Annuities for life and years it is proposed to tax upon the interest of the capital for which they could be sold. These, therefore, together with mines, form a class apart, and are regulated by the application of the principle before mentioned, that capital must not be taxed in its transfer, to which principle the Chairman, in his answer to Question 1691, adds the very important qualification, "When you are professing to levy an Income Tax." This seems to raise rather a verbal than a real controversy, since it is of very little importance whether capital in its transfer can be taxed under an Income Tax, if it is admitted that it may properly be taxed under an impost bearing another name. The general principle of taxing capital in its transfer pervades the whole of our system of finance, and the ordinary objection, that by taxing capital you limit the employment of labour, seems not to apply to a country in which accumulation has been carried to such an extent as in England. But if this be the case with regard to capital generally, how much more is it so with regard to capital invested in an annuity, that is, to capital converted by the deliberate act of its owner into income, for the very purpose of being expended annually. If an annuitant were to spend only the interest of the money for which he purchased the annuity, and to lay by the remainder of his annuity to replace the purchase-money, the transaction would

obviously be nugatory and futile, since it would amount to purchasing an annuity, and then seeking to place the purchaser in the position which he would have occupied if he had not purchased it. The annuitant has no right to expect that the State should be more careful of his capital than he is himself, or that the State should be very nice in rediscriminating that capital and income which he has been at so much pains to mix together. When considering the propriety of taxing incomes for life in land at the higher rate the memorandum asks, "Can any change of circumstances as to the tenure of the owner, the participation of others in the rental of the estate, or the adoption of liabilities for the redemption of which the rents are pawned, impair the right of the Exchequer to the tax of £225." That is to say, in other words, the Exchequer has become entitled to an annuity of £225 issuing out of the estate, and that title no subsequent dealing with the property should be allowed to defeat. Apply this principle to the purchase of an annuity: A man is possessed of £100 a year in consols, out of which the Exchequer receives, at 9*d.* in the pound, £3 15*s.*; he sells his consols, and purchases with them an annuity for life. According to the proposal, the Exchequer would receive a tax, decreasing annually, and dropping with the life, instead of a larger one in perpetuity. May it not well be asked, in the words of the memorandum, can any change of circumstances as to the tenure of the owner, impair the right of the Exchequer to the perpetual annuity of £3 15*s.*; and if this be so, can any fairer way be devised of saving the Exchequer harmless, than by taxing the whole of each successive instalment of the annuity at 9*d.* in the pound, by which a capital sum would be provided which would enable the Exchequer, if so disposed, to purchase another annuity of £3 15*s.*

10. The case has hitherto been considered on the

supposition of the memorandum, that an annuity for life restores with interest the capital which has been paid for it. This, however, is not the real nature of the contract. The contract is to pay a certain annual sum during the life of the purchaser. It may be that he will receive neither interest nor principal if he dies soon. It may be that he will receive interest, principal, and something else which is neither the one nor the other, if he lives long, and neither of these results could be fairly described as the repayment of interest and principal. The truth is, that a confusion is made between the average on which the price for annuities for life is regulated and the contract of sale itself. The result of a large number of transactions of this kind is, that the grantor of the annuity receives back his principal and interest; but that is not the contract itself, but a result obtained from averaging the gains and losses of many such contracts. It appears then, that if the principle that capital should not be taxed in its transfer were true, it would not apply to annuities for life.

11. No better illustration of the highly artificial and unsound nature of these distinctions can be afforded than the case put in the memorandum of a gentleman who has twin daughters, for one of whom he purchases an annuity of £1,000 a year for £13,000, while to the other he gives a rentcharge for life of £1,000 a year on his estate. The annuity and the rentcharge are equal in amount in estimated duration, and therefore in value. The rentcharge might, by sale and purchase of an annuity with the proceeds of the sale, be converted into an annuity. The annuity might, by sale and purchase of a rentcharge, be converted into a rentcharge. The annuity cost £13,000; the rentcharge is equivalent to its capitalized value secured by mortgage, that is, £13,000 charged on the estate. They both spring from the same source, the natural affection of a father for his

daughters, and his desire to provide equally for persons equally dear to him. Yet the scheme proposes to take from the annuity at the end of its first year £12 10s., and from the rentcharge £37 10s.; that is, two incomes equal in amount, duration, and value, and actually convertible the one into the other, are to be taxed as if the one was three times the amount of the other.

12. It will appear from this examination, that the scheme runs up into great diversity and complexity. Lands are taxed at one rate, houses at another, benefices at a third, mines at a fourth, annuities at a fifth, foreign property at a sixth, and money in the funds at a seventh. It will be very difficult, by the reasonings which have been above examined, to persuade the public that the difference of treatment corresponds fairly to the different wants and wishes of the classes thus created. Claims quite as strong as those which have been recognised are left unredressed, such as those of the clergyman to be ranked among industrial incomes, of the owner of poorhouse property for a remission proportionate to his real outlays for repairs, and above all, of professional men, whose income depends on their skill and labour, to be taxed on a different scale to that applied to manufacturers, brewers, bankers, and merchants, who are able to leave out of the capital involved in their business ample provision for their children, and are, *pro tanto*, exonerated from the necessity of saving. The State having once undertaken to give not an arithmetical but an actual equality, will be compelled to yield to ever increasing demands for fresh subdivisions, until at last every man's case has to be considered apart, and then we are not very far removed from that to which Dr. Farr considers this scheme to approximate, the substitution of a Property for an Income Tax.

13. The inequalities of taxation thus introduced, are really greater than at first sight they appear.

The question is argued in the memorandum as if it were unnecessary to consider how the deficiency created by reduction should be made up. The true way of viewing the question is, to consider the contributors to the Income Tax as persons having a sum to make up amongst them, so that whatever is remitted to one, must be raised by an additional assessment upon all. And here arises a double inequality; first, industrial incomes pay only two-thirds of the tax on incomes in the funds, for instance; and secondly, the deficiency occasioned by the remission has to be made up by a tax to which incomes in the funds will contribute one-third more than industrial incomes of the same amount. This double inequality appears very seriously to infringe on the rights of the fundholder as secured to him by the Acts under which he lent his money to the public, and gravely to compromise the good faith of the State to its creditors.

14. The substitution of seven different scales of assessment for the present simple and uniform tax would lead to numerous practical difficulties, which it would be more necessary to enter into fully had the principles upon which the proposal is founded been sounder, and the facts to which they are to be applied less uncertain and conjectural. Take, for instance, the case of a trader carrying on business with a large amount of borrowed capital. At present he is not required to mention his debt in his return, and deducts the tax from the interest which he pays; but when the profits of the trader are taxed at 6*d.*, and the interest at 9*d.*, the only means by which the additional 3*d.* can be obtained is by the voluntary statement of the trader of the amount or existence of the interest, in order that he may pay the higher rate on it, and then deduct the higher rate from the interest which he pays to his creditor. Considering the notorious frauds which disgrace Schedule D, it

seems rather unreasonable to expect that a trader will volunteer a disclosure, very injurious to his credit, for the purpose of advancing to the Government a tax not due by him, but to be deducted from interest not yet paid. It seems far more likely that the interest will in very many cases not be mentioned to the tax collector, and that the tax will be deducted from the creditor, although it has not been paid to the collector, a fact which the creditor will have no interest in investigating, and no power to ascertain, even if he had such interest. This is only one specimen of a class of difficulties which will beset the collection of the tax in the complex form proposed by the scheme.

15. There is, no doubt, a great inequality in the present Income Tax. Schedule A is collected in the hands of the tenant, and Schedule C and E at the bank. The income assessed is, therefore, identical with the income received; but Schedule D depends on the conscience of the taxpayer, who often, it is to be feared, returns hundreds instead of thousands, and who is certain to decide any question that he can persuade himself to think doubtful, in his own favour. Thus the Committee has been informed by Mr. Till that a penny in the pound Income Tax produces in the City of London £50,000, and that it produced just as much twelve years ago. The increase of the income of the City during the last twelve years thus furnishes a measure of the amount and increase of evasion, on the very improbable supposition that twelve years ago the income under Schedule D was truly returned. The scheme aggravates this inequality. Without proposing any new check, it gives to the conscience of the taxpayer a fresh point of departure, and deprives the revenue at once of one-third, while it leaves the remaining two-thirds in the same perilous position as before. Such an instance of facility might well encourage the public to believe

that Schedule D owes this remission quite as much to other influences as to any deep-seated desire to do justice. It will be regarded, not unreasonably, as an attempt to favour one class of property at the expense of another, and will tend to lower the public confidence in the fairness and equity of Government.

16. It is not easy to distinguish in principle between such a plan and a graduated Income Tax. A graduated Income Tax, that is, a tax "bearing in a heavier ratio on large than on small incomes," is denounced in the memorandum as "an attempt to favour the less wealthy at the expense of the more wealthy," as one of the "errors of Socialism," and as "destructive of the rights of property." A remission of one-third of the Income Tax to a trader, because it is his duty to save, is really based on the assumption that he is "less wealthy" than the owner of an income to which no such duty is considered to attach; and the additional Income Tax which is imposed to make up for such remission, is quite as much an attempt to "favour the less wealthy at the expense of the more wealthy," as a graduated Income Tax.

17. Your Committee, therefore, finding that the proposal is condemned by the general primary rules of taxation, which have been invoked in its support; that the secondary principles on which it is defended cannot bear the test of examination; that, even if they were true, no facts have been established to which they can be applied; that the scheme involves gross inequalities in the treatment of persons in precisely similar circumstances; and that much practical inconvenience is to be apprehended from it:

18. While doing full justice to the ability of the framer of the plan, to its elaborate structure, and to the ingenuity with which it has been supported, regret that they are unable to recommend it for the adoption of the House.

DRAFT of REPORT prepared by the Right Hon.
T. H. S. SOTHERON ESTCOURT.

Every direct tax is felt to be more burdensome than any indirect tax, because its incidence is distinctly apparent, and because it cannot be avoided or diminished by avoiding or lessening the use of the article of consumption with which the tax is combined. Setting aside local taxes, which have their peculiar compensation, no head of Imperial taxation is so generally a subject of complaint as the Income Tax; and since this has become of late years almost an indispensable part of the revenue, and the rate at which it is levied exceeds now 4 per cent. on the annual means of the country, it is very desirable to ascertain whether justice requires that some alteration should be made in its incidence, and whether such alteration is practicable.

Nine years ago the same subject was submitted to a Select Committee, of which Mr. Hume was Chairman. The proposition discussed in that Committee consisted in reducing each income to its capitalized value, and assessing the tax upon the interest of such reduced value. The proposition now submitted to your Committee consists in reducing each income to the amount which is actually available for the expenditure of the owner, after deducting so much as may be required in order to maintain the source of income undiminished in the succeeding year, and assessing the different properties enumerated in the several schedules upon an average deduction, supposed to represent the expenditure incurred for this purpose in each schedule.

The principle upon which these deductions are to be made is put shortly thus: that neither capital nor savings are to be taxed.

Your Committee received this proposition in the

convenient form of a Paper from their Chairman, who consented to give them such further explanation as they might desire with respect to this scheme, by oral evidence, under the check of examination.

Several witnesses were afterwards presented to your Committee. Their evidence was intended to show that deductions to the following amounts would be both equitable and practicable, viz.:

In Class 1. Incomes derived from property :

Land, a deduction of one-twelfth of the rent.

Houses, „ „ one-sixth „ „

Terminable annuities: the interest on unpaid capital not to be assessed.

In Class 2. Industrial Incomes :

A deduction of one-third of the amount.

Mr. Pressly computed that the loss to the revenue under this scheme, taking the tax at its present rate, would be near two millions.

In considering this or any other plan for a re-adjustment of the Income Tax, it is essential to bear in mind, that, in proportion as one body of taxpayers may be relieved, to the same extent the burden must be distributed over the others. Under this scheme, therefore, any gain to land would be covered by the higher per-centage of allowance granted to houses; and both would be met by a set-off of additional rate rendered necessary by the larger allowance accorded to industrial incomes. The immediate result might be to increase the tax on some large classes; Schedule D alone would be gainers, as a class, to a considerable extent.

The deductions in Class 1 are claimed on the principle that capital ought not to be taxed; repairs and insurance, being necessary for the maintenance of the property in a tenable condition, are expenses precedent to the enjoyment of any profit or rent.

for age, sickness, or the wants of a family, is so universally admitted, that Parliament has already, by a most wise enactment (16 & 17 Vic., c. 34, s. 54), sanctioned a remission of the tax in the case of insurances to the extent of one-sixteenth of the profit.

In the plan laid before your Committee it is proposed to grant a further deduction to the extent of 1s. 3d., irrespective of any inquiry into the application of such savings.

At the time of the former Committee, in 1852, the Act above-mentioned had not passed.

Mr. Pressly informed your Committee that the claims preferred under that provision amount annually to a comparatively small sum.

There is a manifest advantage, for many reasons, in securing that any remission of a tax shall be *bond fide* applied to the particular purpose which is admitted to be the ground for the concession.

Your Committee, being unable to give their assent to the broad proposition suggested by their Chairman, are yet disposed to think that it would be advisable to extend the principle of the Act of 1853, which grants a remission of tax on account of payment by way of insurance, so far as one-fourth instead of one-sixth of the whole.

The general conclusion upon the whole subject to which your Committee have come, is, that an Income Tax is, in its nature, essentially an unequal, arbitrary, and unsatisfactory source of public revenue; that as it depends for its accuracy in great measure upon returns made by parties immediately interested, they are almost invited to make some modification of the real amount; that in many cases where the income is fluctuating, error, if not fraud, seems almost inevitable; that the tax presses unequally even those who are classed under one schedule; and when each schedule is compared with the others, there seems to be no common measure of value; that it is not pos-

sible to correct, or even materially to soften, these irregularities and defects; and that true policy dictates, if the tax is to be maintained in ordinary times, it should be kept at a rate so low, that the differences between the relative position of man and man, class and class, should not be of such an amount or importance as to arrest public attention, or demand the intervention of the State.

**DRAFT of REPORT as originally prepared by SIR
STAFFORD H. NORTHCOTE, BART.**

1. Your Committee have proceeded in this inquiry, and having examined witnesses thereon, have agreed to report the following observations to the House:—

2. The question submitted to your Committee was very fully investigated by a Select Committee appointed in the year 1851, and re-appointed in 1852, on the motion of the late Mr. Hume, who laid before it a scheme for the conversion of the present Income and Property Tax into a tax to be adjusted in accordance with—

1st. The value of the property.

2nd. The tenure of the owner.

3rd. The age of the owner.

The chief officers of the Inland Revenue Department, to whom this scheme was at that time communicated, expressed a strong opinion that its administration would be attended with insurmountable difficulties; and your Committee see no reason for questioning the correctness of this opinion.

3. The attention of your Committee, on the present occasion, has been mainly directed to another scheme, proposed by their Chairman, and explained by him both in written memoranda and in oral evidence, the most striking features of which are as follows:—

1st. A proposal to make net, instead of gross, income the basis of assessment to the tax; ascertaining the net income, not by an account of actual outgoings, but by an average deduction from certain classes of gross incomes.

2nd. A proposal to divide all incomes into two classes, of which the one should comprise incomes called spontaneous, and the other incomes called industrial; and to tax the former upon the full amount of the net income, and the latter upon two-thirds of that amount.

3rd. A proposal to distinguish between the profits on the employment of invested capital, and the repayment by instalments of the invested capital itself; and to levy the tax upon the profits only, and not upon the repaid portions of capital.

4. These three proposals were intended to meet the three great classes of complaints which are popularly made against the Income Tax in its present form, viz.: that it taxes the owners of property in respect of income which they do not receive; that it presses too hardly upon skill and industry as compared with property; and that it deals with capital in certain cases as if it were income, and converts a disproportionate amount of it to the use of the State.

5. The proposals which we have had under consideration are framed upon the assumption that the complaints to which we have adverted are well founded; and they are contrived with much ingenuity, with a view to meeting them. Your Committee are not satisfied with, and cannot admit the soundness of, the principles involved in these proposals; but they do not enter upon a discussion of those principles, because it appears to them sufficient to point out that the adoption of the plan would not only lead to much practical difficulty, and afford many openings for fraud, but would be attended with much inevitable injustice, and would give rise to much more serious

and better founded complaints than those which they are intended to obviate.

6. In the classification of incomes into spontaneous and industrial, many cases will be found in which unequal measure must be dealt to persons whose circumstances are equal, and equal measure to persons whose circumstances are unequal. Thus, the tax laid upon private partnerships is to be less by one-third than that upon Joint Stock Companies engaged in carrying on the same business. The owner of a life income derived from land or funded property (*e.g.*, a widow in possession of a jointure arising from either of those sources), is to be taxed more, by one-third, than the owner of a life income derived from the profits of a business (*e.g.*, the widow of a banker in possession of a jointure charged upon the profits of the bank), unless such business be carried on by a Joint Stock Company, in which case (*e.g.*, that of the widow of a partner in a Joint Stock Bank) the full amount of tax is to be levied. And an equal remission is to be made to the great capitalist, whose profits in business arise almost entirely from the investment of a large sum of money, which he can withdraw at pleasure, and dispose of after his death; and to the professional man, who has little or no capital, and whose income must cease with his life, and may very probably cease much sooner.

7. Again, in the system proposed for the deduction of outgoings from gross incomes, according to an average which will not exactly fit the case of any individual, too much relief will be given to some and too little to others, and the inequality which will exist in this respect between one neighbour and another cannot fail to give rise to much dissatisfaction. It appears, for instance, that the repairs of first-class houses are estimated at five per cent. of the rent, and the repairs of very inferior houses at twenty-five per cent. No system of average deductions can do justice in such cases as these.

8. As regards the attempt to distinguish between the repayment of capital and the profits arising from capital in an annuity, it appears to your Committee that, however such a proposal may at first sight commend itself to the imagination, effect cannot be given to it without introducing serious anomalies and very untenable distinctions. In illustration of this we need only point to the case, put in the second memorandum submitted by the Chairman, of a gentleman who purchases a life annuity of £1,000 for one of his daughters, and gives to another daughter, of the same age, a rentcharge for life of the same amount, out of his landed estate. The circumstances of the two annuitants, and the values of the annuities, are in reality precisely the same; but, in order to give effect to the artificial distinction between a purchased annuity, which is supposed to involve the repayment of capital, and a rentcharge arising from land, the scheme proposes to take from the former only £19 10s., and from the latter £37 10s., in the first year.

9. Your Committee have dwelt upon these points of objection to the scheme laid before them by their Chairman; because upon full inquiry they are satisfied that they are not mere points of detail susceptible of a satisfactory adjustment, but are integral parts of the plan, and could not be amended without destroying it.

10. They have also to add that the scheme appears to them defective in another respect, inasmuch as, while professing to provide for the more equitable levying of the tax, it wholly fails to touch the greatest and most serious of the evils which are incident to the present system, namely, the facilities and encouragements which it affords to fraudulent self-assessment. The extent of this evil is indicated by several witnesses; but your Committee have received no suggestion for remedying it; and they have some reason to apprehend that the plan which has been

under their consideration, might, if adopted, increase rather than reduce the mischief.

11. Guided by these considerations, your Committee have arrived at the conclusion that the plan proposed by their Chairman does not afford the basis of a practicable and equitable re-adjustment of the Income Tax; and they feel so keenly the dangers and ill-consequences to be apprehended from an attempt to unsettle the present basis of the tax, without a clear perception of the mode in which it is to be reconstructed, that they are not prepared to offer to your Honourable House any suggestions for its amendment.

12. This tax having now been made the subject of investigation before two Committees, and no proposal for its amendment having been found satisfactory, your Committee are brought to the conclusion that the objections which are urged against it, and of which they are not disposed to question the force, are objections to its nature and essence rather than to the particular shape which has been given to it; and that the tax, though valuable in great emergencies, cannot be regarded as a satisfactory method of raising a considerable portion of our revenue in ordinary times.

N.B.—The three memoranda drawn up by Mr. HUBBARD are omitted, in consequence of the book having already much exceeded the size originally contemplated.

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5 & 6 Vict. c. 37.	An Act to continue, until the Fifth Day of April One thousand eight hundred and forty-four, Compositions for Assessed Taxes; and to amend the Laws relating to the Land and Assessed Taxes. 30 June 1842.
5 & 6 Vict. c. 60.	An Act to grant Relief from the Taxes in certain Cases assessing

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15 Vict. c. 20.	An Act to continue the Duties on Profits arising from Property, Professions, Trades, and Offices. 26 May, 1852.
16 & 17 Vict. c. 34.	An Act for granting to Her Majesty Duties on Profits arising from Property, Professions, Trades, and Offices. 28 June, 1853.
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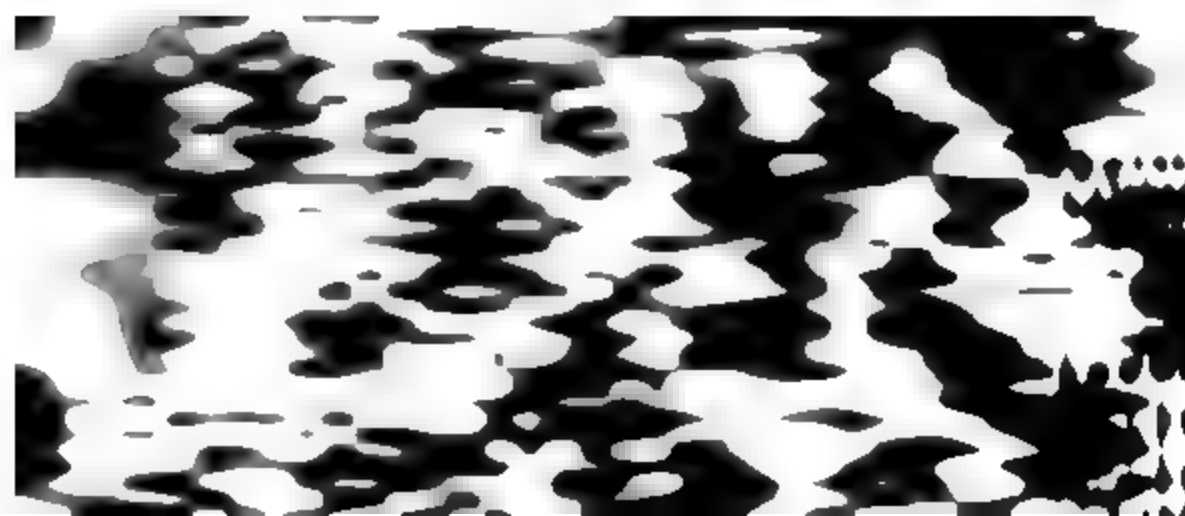
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* No references are given in this Index to those clauses of the 5th and 6th Vic., c. 35, relating to assessments in Ireland, as they are repealed by the extension of the Income Tax to that country under the 16th and 17th Vic., c. 34.—See *Bank of Ireland*.

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TABLES

OF

THE VARIOUS RATES OF DUTY

FOR EACH YEAR

FROM 1842 TO 1863.

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N.B.—The principal object of these Tables is to show the different rates of duty for each year, from 1842 to the present time.

TABLE 1.

1842-3 to 1852-3.

On Incomes of £150 a Year or upwards, 7*d.* in the £.

DUTY—FRACTIONAL PARTS OF A £.

Income.		Duty.	Income.		Duty.
<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>
2	10½	1	11	5½	4
5	8½	2	14	3½	5
8	7	3	17	1½	6

Income.	Duty on Incomes of £150 a Year or upwards, 7 <i>d.</i> in the £.			Income.	Duty on Incomes of £150 a Year or upwards, 7 <i>d.</i> in the £.		
£	£	<i>s.</i>	<i>d.</i>	£	£	<i>s.</i>	<i>d.</i>
1	0	0	7	40	1	3	4
2	0	1	2	50	1	9	2
3	0	1	9	60	1	15	0
4	0	2	4	70	2	0	10
5	0	2	11	80	2	6	8
6	0	3	6	90	2	12	6
7	0	4	1	100	2	18	4
8	0	4	8	110	3	4	2
9	0	5	3	120	3	10	0
10	0	5	10	130	3	15	10
11	0	6	5	140	4	1	8
12	0	7	0	150	4	7	6
13	0	7	7	200	5	16	8
14	0	8	2	300	8	15	0
15	0	8	9	400	11	13	4
16	0	9	4	500	14	11	8
17	0	9	11	600	17	10	0
18	0	10	6	700	20	8	4
19	0	11	1	800	23	6	8
20	0	11	8	900	26	5	0
30	0	17	6	1000	29	3	4

TABLE 2.

1853-4 and 1857-8.

On Incomes of £150 a Year or upwards, 7*d.* in the £.On Incomes of £100 and under £150 a Year, 5*d.* in the £.

FRACTIONAL PARTS OF A £.

7 <i>d.</i> in the £.			5 <i>d.</i> in the £.		
Income.		Duty.	Income.		Duty.
<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>
2	10 ¹ / ₂	1	4	0	1
5	8 ¹ / ₂	2	8	0	2
8	7	3	12	0	3
11	5 ¹ / ₂	4	16	0	4
14	3 ¹ / ₂	5			
17	1 ¹ / ₂	6			

Income.	Duty on Incomes of £150 a Year, or upwards, 7 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 5 <i>d.</i> in the £.			Income.	Duty on Incomes of £150 a Year, or upwards, 7 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 5 <i>d.</i> in the £.		
£.	£	<i>s.</i>	<i>d.</i>	£	<i>s.</i>	<i>d.</i>	£	£	<i>s.</i>	<i>d.</i>	£	<i>s.</i>	<i>d.</i>
1	0	0	7	0	0	5	18	0	10	6	0	7	6
2	0	1	2	0	0	10	19	0	11	1	0	7	11
3	0	1	9	0	1	3	20	0	11	8	0	8	4
4	0	2	4	0	1	8	30	0	17	6	0	12	6
5	0	2	11	0	2	1	40	1	3	4	0	16	8
6	0	3	6	0	2	6	50	1	9	2	1	0	10
7	0	4	1	0	2	11	60	1	15	0	1	5	0
8	0	4	8	0	3	4	70	2	0	10	1	9	2
9	0	5	3	0	3	9	80	2	6	8	1	13	4
10	0	5	10	0	4	2	90	2	12	6	1	17	6
11	0	6	5	0	4	7	100	2	18	4	2	1	8
12	0	7	0	0	5	0	110	3	4	2	2	5	10
13	0	7	7	0	5	5	120	3	10	0	2	10	0
14	0	8	2	0	5	10	130	3	15	10	2	14	2
15	0	8	9	0	6	3	140	4	1	8	2	18	4
16	0	9	4	0	6	8	150	4	7	6	—		
17	0	9	11	0	7	1							

For further Rates at 7*d.* see Table 1.

TABLE 3.—1854-5.

On Incomes of £150 a Year or upwards, 1s. 2d. in the £.
On Incomes of £100 and under £150 a Year, 10d. in the £.
FRACTIONAL PARTS OF A £.

1s. 2d. in the £.				10d. in the £.			
Income.		Duty.		Income.		Duty.	
s.	d.	s.	d.	s.	d.	s.	d.
1	5½	0	1	11	8	0	8
2	11	0	2	13	1½	0	9
4	4½	0	3	14	7	0	10
5	10	0	4	16	0½	0	11
7	3½	0	5	17	6	1	0
8	9	0	6	18	11½	1	1
10	2½	0	7				

Income.	Duty on Incomes of £150 a Year or upwards, 1s. 2d. in the £.			Duty on Incomes of £100 and under £150 a Year, 10d. in the £.	Income.	Duty on Incomes of £150 a Year, or upwards, 1s. 2d. in the £.			Duty on Incomes of £100 and under £150 a Year, 10d. in the £.
£	£	s.	d.		£	£	s.	d.	
1	0	1	2	For Rates of Duty at 10d. vide Table 7, page 522.	40	2	6	8	For Rates of Duty at 10d. vide Table 7, page 522.
2	0	2	4		50	2	18	4	
3	0	3	6		60	3	10	0	
4	0	4	8		70	4	1	8	
5	0	5	10		80	4	13	4	
6	0	7	0		90	5	5	0	
7	0	8	2		100	5	16	8	
8	0	9	4		110	6	8	4	
9	0	10	6		120	7	0	0	
10	0	11	8		130	7	11	8	
11	0	12	10		140	8	3	4	
12	0	14	0		150	8	15	0	
13	0	15	2		200	11	13	4	
14	0	16	4		300	17	10	0	
15	0	17	6		400	23	6	8	
16	0	18	8		500	29	3	4	
17	0	19	10		600	35	0	0	
18	1	1	0		700	40	16	8	
19	1	2	2		800	46	13	4	
20	1	3	4		900	52	10	0	
30	1	15	0		1000	58	6	8	

TABLE 4.—1855-6 and 1856-7.

On Incomes of £150 a Year or upwards, 1s. 4d. in the £.
On Incomes of £100 and under £150 a Year, 11½d. in the £.
FRACTIONAL PARTS OF A £.

1s. 4d. in the £.				11½d. in the £.			
Income.		Duty.		Income.		Duty.	
s.	d.	s.	d.	s.	d.	s.	d.
1	3	0	1	11	3	0	9
2	6	0	2	12	6	0	10
3	9	0	3	13	9	0	11
5	0	0	4	15	0	1	0
6	3	0	5	16	3	1	1
7	6	0	6	17	6	1	2
8	9	0	7	18	9	1	3
10	0	0	8				

Income.	Duty on Incomes of £150 a Year or upwards, 1s. 4d. in the £.			Income.	Duty on Incomes of £150 a Year or upwards, 1s. 4d. in the £.			Income.	Duty on Incomes of £100 and under £150 a Year, 11½d. in the £.		
	£	s.	d.		£	s.	d.		£	s.	d.
1	0	1	4	40	2	13	4	1	18	4	
2	0	2	8	50	3	6	8	2	7	11	
3	0	4	0	60	4	0	0	2	17	6	
4	0	5	4	70	4	13	4	3	7	1	
5	0	6	8	80	5	6	8	3	16	8	
6	0	8	0	90	6	0	0	4	6	3	
7	0	9	4	100	6	13	4	4	15	10	
8	0	10	8	110	7	6	8	5	5	5	
9	0	12	0	120	8	0	0	5	15	0	
10	0	13	4	130	8	13	4	6	4	7	
11	0	14	8	140	9	6	8	6	14	2	
12	0	16	0	150	10	0	0				
13	0	17	4	200	13	6	8				
14	0	18	8	300	20	0	0				
15	1	0	0	400	26	13	4				
16	1	1	4	500	33	6	8				
17	1	2	8	600	40	0	0				
18	1	4	0	700	46	13	4				
19	1	5	4	800	53	6	8				
20	1	6	8	900	60	0	0				
30	2	0	0	1000	66	13	4				

TABLE 5.

1858-9.

On Incomes of £150 a Year or upwards, 5*d.* in the £.For the Duty on £1 up to £140, *vide* Table 2.

Income.	Duty on Incomes of £150 a Year and upwards, 5 <i>d.</i> in the £.		
£	£	s.	d.
150	3	2	6
200	4	3	4
300	6	5	0
400	8	6	8
500	10	8	4
600	12	10	0
700	14	11	8
800	16	13	4
900	18	15	0
1000	20	16	8

TABLE 6.

1859-60.

On Incomes of £150 a Year or upwards, 4*d.* in the £.On Incomes of £100 and under £150 a Year, 1½*d.* in the £.

This Duty was in addition to that of 5*d.* in the £, *vide* Table 5, and the *whole* of it was collected *with the first moiety of the duty in force for the previous year.*

FRACTIONAL PARTS OF A £.

Income,	s.	Duty,	d.
.	5	.	1
"	10	"	2
"	15	"	3

Income.	Duty on Incomes of £150 a Year or upwards, 4 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 1½ <i>d.</i> in the £.			Income.	Duty on Incomes of £150 a Year or upwards, 4 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 1½ <i>d.</i> in the £.		
£	£	s.	d.	£	s.	d.	£	£	s.	d.	£	s.	d.
1	0	0	4	0	0	1	40	0	13	4	0	5	0
2	0	0	8	0	0	3	50	0	16	8	0	6	3
3	0	1	0	0	0	4	60	1	0	0	0	7	6
4	0	1	4	0	0	6	70	1	3	4	0	8	9
5	0	1	8	0	0	7	80	1	6	8	0	10	0
6	0	2	0	0	0	9	90	1	10	0	0	11	3
7	0	2	4	0	0	10	100	1	13	4	0	12	6
8	0	2	8	0	1	0	110	1	16	8	0	13	9
9	0	3	0	0	1	1	120	2	0	0	0	15	0
10	0	3	4	0	1	3	130	2	3	4	0	16	3
11	0	3	8	0	1	4	140	2	6	8			
12	0	4	0	0	1	6	150	2	10	0			
13	0	4	4	0	1	7	200	3	6	8			
14	0	4	8	0	1	9	300	5	0	0			
15	0	5	0	0	1	10	400	6	13	4			
16	0	5	4	0	2	0	500	8	6	8			
17	0	5	8	0	2	1	600	10	0	0			
18	0	6	0	0	2	3	700	11	13	4			
19	0	6	4	0	2	4	800	13	6	8			
20	0	6	8	0	2	6	900	15	0	0			
30	0	10	0	0	3	9	1000	16	13	4			

TABLE 7.—1860-61.

On Incomes of £150 a Year or upwards, 10*d.* in the £.
On Incomes of £100 and under £150 a Year, 7*d.* in the £.

FRACTIONAL PARTS OF A £.

10 <i>d.</i> in the £.				7 <i>d.</i> in the £.	
Income.		Duty.	Income.		Duty.
<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>
2	0	1	14	0	7
4	0	2	16	0	8
6	0	3	18	0	9
8	0	4			
10	0	5			
12	0	6			
				<i>s.</i>	<i>d.</i>
				2	11
				5	9
				8	7
				11	6
				14	4
				17	2

Income.	Duty on Incomes of £150 a Year or upwards, 10 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 7 <i>d.</i> in the £.	Income.	Duty on Incomes of £150 a Year or upwards, 10 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 7 <i>d.</i> in the £.
£	£	<i>s.</i>	<i>d.</i>		£	£	<i>s.</i>	<i>d.</i>	
1	0	0	10	For the Duties at 7 <i>d.</i> vide Table 1, page 516.	40	1	13	4	For the Duties at 7 <i>d.</i> vide Table 1, page 516.
2	0	1	8		50	2	1	8	
3	0	2	6		60	2	10	0	
4	0	3	4		70	2	18	4	
5	0	4	2		80	3	6	8	
6	0	5	0		90	3	15	0	
7	0	5	10		100	4	3	4	
8	0	6	8		110	4	11	8	
9	0	7	6		120	5	0	0	
10	0	8	4		130	5	8	4	
11	0	9	2		140	5	16	8	
12	0	10	0		150	6	5	0	
13	0	10	10		200	8	6	8	
14	0	11	8		300	12	10	0	
15	0	12	6		400	16	13	4	
16	0	13	4		500	20	16	8	
17	0	14	2		600	25	0	0	
18	0	15	0		700	29	3	4	
19	0	15	10		800	33	6	8	
20	0	16	8		900	37	10	0	
30	1	5	0		1000	41	13	4	

TABLE 8.

1861-2 and 1862-3.

On Incomes of £150 a Year or upwards, 9*d.* in the £.On Incomes of £100 and under £150 a Year, 6*d.* in the £.

FRACTIONAL PARTS OF A £.

9 <i>d.</i> in the £.					6 <i>d.</i> in the £.			
Income.		Duty.	Income.		Duty.	Income.		Duty.
<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>
2	3	1	11	2	5	3	4	1
4	6	2	13	4	6	6	8	2
6	8	3	15	7	7	10	0	3
8	11	4	17	10	8	13	4	4
						16	8	5

Income.	Duty on Incomes of £150 a Year or upwards, 9 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 6 <i>d.</i> in the £.			Income.	Duty on Incomes of £150 a Year or upwards, 9 <i>d.</i> in the £.			Duty on Incomes of £100 and under £150 a Year, 6 <i>d.</i> in the £.		
£	£	<i>s.</i>	<i>d.</i>	£	<i>s.</i>	<i>d.</i>	£	£	<i>s.</i>	<i>d.</i>	£	<i>s.</i>	<i>d.</i>
1	0	0	9	0	0	6	40	1	10	0	1	0	0
2	0	1	6	0	1	0	50	1	17	6	1	5	0
3	0	2	3	0	1	6	60	2	5	0	1	10	0
4	0	3	0	0	2	0	70	2	12	6	1	15	0
5	0	3	9	0	2	6	80	3	0	0	2	0	0
6	0	4	6	0	3	0	90	3	7	6	2	5	0
7	0	5	3	0	3	6	100	3	15	0	2	10	0
8	0	6	0	0	4	0	110	4	2	6	2	15	0
9	0	6	9	0	4	6	120	4	10	0	3	0	0
10	0	7	6	0	5	0	130	4	17	6	3	5	0
11	0	8	3	0	5	6	140	5	5	0	3	10	0
12	0	9	0	0	6	0	150	5	12	6			
13	0	9	9	0	6	6	200	7	10	0			
14	0	10	6	0	7	0	300	11	5	0			
15	0	11	3	0	7	6	400	15	0	0			
16	0	12	0	0	8	0	500	18	15	0			
17	0	12	9	0	8	6	600	22	10	0			
18	0	13	6	0	9	0	700	26	5	0			
19	0	14	3	0	9	6	800	30	0	0			
20	0	15	0	0	10	0	900	33	15	0			
30	1	2	6	0	15	0	1000	37	10	0			

TABLE 9.
1863-4.

On Incomes of £100 and upwards, 7*d.* in the £, subject to an abatement of £60 on all Incomes of £100 and not exceeding £200.

Vide Table 1, page 516, for the Duties at 7*d.* in the £.

The following Table will show the operation of the Tax upon Incomes under £200.

Income.		Portion of Income liable to the Tax.	Duty at 7 <i>d.</i>		
£		£	£	s.	d.
100	} Abatement of £60. }	40	1	3	4
110		50	1	9	2
120		60	1	15	0
130		70	2	0	10
140		80	2	6	8
150		90	2	12	6
160		100	2	18	4
170		110	3	4	2
180		120	3	10	0
190		130	3	15	10

Vide page 525, for a copy of the 3rd section of the 26 Vic., cap. 22, passed 8th June, 1863.

The following is the Section (3rd) of the Act 26 Vic., cap. 22, entitled "An Act to grant certain Duties of Customs and Inland Revenue," passed 8th June, 1863, authorizing exemption of persons whose income is under £100, and abatement to those whose income is under £200 a year, respectively.

"The exemption from Income Tax granted by the said Acts relating to the Income Tax, to persons whose incomes are respectively less than one hundred Pounds a year, shall be, and is hereby continued; and in lieu of the relief granted by the twenty-eighth section of the Act passed in the sixteenth and seventeenth years of Her Majesty's reign, chapter thirty-four, to persons whose respective Incomes, although amounting to one hundred Pounds or upwards, are less respectively than one hundred and fifty Pounds a year, the following relief or abatement shall be given or made to persons whose Incomes are less respectively than two hundred Pounds a year; (that is to say,) any person who shall be assessed or charged to any of the duties of Income Tax granted by this Act, or who shall have paid the same either by deduction or otherwise, and who shall claim and prove in the manner prescribed by the said Acts that his total Income from every source, although amounting to one hundred Pounds or upwards, is less than two hundred Pounds for the year of Assessment of his profits or gains, shall be entitled to be relieved from so much of the said duties assessed upon or paid by him as an Assessment or charge of the said duties upon sixty Pounds of his Income would amount unto, and such relief shall be given either by reduction or abatement of the Assessment upon such person, or by the repayment to him of so much of the excess as he shall have paid, or by both of those means, as the case may require."

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